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

ANNUAL REPORT 2017

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

Contents

Corporate Information

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Prudential Tower, The Gateway
Tsim Sha Tsui, Kowloon
Hong Kong

PRINCIPAL PRODUCTION PLANT

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

COMPANY'S WEBSITES

www.chinaoilgangran.com
chinaoilgangran.todayir.com

LEGAL ADVISERS

Michael Li & Co.
19/F., Prosperity Tower,
No. 39 Queen's Road Central, Central, Hong Kong

AUDITOR

HLM CPA Limited
Room 305, Arion Commercial Centre,
2-12 Queen's Road West,
Hong Kong

STOCK CODE

8132

BOARD OF DIRECTORS

Executive Directors

Mr. Zou Donghai *(Chairman)*
Mr. Rong Changjun *(Vice Chairman)*
Mr. Zhang Xueming
Dr. Ho Chun Kit Gregory
Mr. Chan Lung Ming (resigned on 6 December 2016)
Dr. Zheng Jian Peng

Independent Non-Executive Directors

Ms. Eugenia Yang
Mr. Ng Ka Chung (retired on 29 July 2016)
Mr. Lau Sung Tat, Vincent
Mr. Chan Ying Kay (appointed on 29 July 2016)

AUDIT COMMITTEE

Mr. Lau Sung Tat, Vincent *(Chairman)*
Ms. Eugenia Yang
Mr. Ng Ka Chung (retired on 29 July 2016)
Mr. Chan Ying Kay (appointed on 29 July 2016)

NOMINATION COMMITTEE

Ms. Eugenia Yang *(Chairlady)*
Mr. Lau Sung Tat, Vincent
Mr. Chan Lung Ming (resigned on 6 December 2016)

REMUNERATION COMMITTEE

Mr. Lau Sung Tat, Vincent *(Chairman)*
Mr. Chan Lung Ming (resigned on 6 December 2016)
Ms. Eugenia Yang

COMPANY SECRETARY

Dr. Zheng Jian Peng (appointed on 31 October 2016)
Mr. Wong Ching Wan (resigned on 31 October 2016)

COMPLIANCE OFFICER

Dr. Ho Chun Kit Gregory

Corporate Information

AUTHORISED REPRESENTATIVES

(for the purpose of the GEM Listing Rules)

Mr. Zou Donghai (appointed on 23 January 2017)
Dr. Zheng Jian Peng (appointed on 1 September 2016)
Mr. Wong Ching Wan (resigned on 23 January 2017)
Dr. Ho Chun Kit Gregory (resigned on 1 September 2016)

THE PRINCIPAL SHARE REGISTRAR IN THE CAYMAN ISLANDS

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

BRANCH SHARE REGISTRAR AND TRANSFER AGENT IN HONG KONG

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

Chairman's Statement

"Innovation for development beyond milestone"

To Shareholders,

On behalf of the Board of Directors (the "Board") of China Oil Gangran Energy Group Holdings Limited (the "Company") and its subsidiaries (collectively the "Group"), I would like to present to the shareholders the annual results of the Group for the year ended 31 March 2017 (the "Financial Year").

During the Financial Year, there were still uncertainties over the world economy. Global economic recovery was slow in general and the international oil prices stayed at low levels. Given the unfavorable factors and uncertainties in the world economy, it is likely to continue operating at a low speed in 2017. In such a grim international economic environment, Chinese economy has begun to slow down. With the deepening of the reform of government, as well as industrial restructuring, the economic restructuring will also have a significant impact on economic development.

In this macro context, in order to reduce the uncertainties in economic environment or adverse effects on the Group, the Group endeavored to overcome the adverse effects by strengthening efforts to seize business opportunities and accelerating its development. The Group actively optimized the core business management model and enhanced performance management. On the basis of consolidating the existing business, the Group promoted the strategic expansion planning with development potential and long-term sustainability. With regard to potential investment projects, the Group continued to carry out prudent assessment on the relevant projects and the industries engaged with a view to make the investment decisions which are favorable to the long-term development of the Group.

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

The Group is proactively seeking business opportunities arising from the adjustment of China's oil and gas business structure and business model to widely seek for cooperation, so as to stabilize business development. This will resolve the current development problems, accumulate experience for the Group's scale development in the future, and create the necessary basic conditions. Looking back to the business development of the Group in the Financial Year, there were main highlights as follows:

Chairman's Statement

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

II. Jiangxi China Oil conducted research on and resolved the core issue of Vessel LNG Utilization Conversion through cooperation with key national higher education institutions and research institutions to form the core competencies with independent intellectual property rights.

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

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

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

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

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

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

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

Chairman's Statement

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

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

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

Yours Faithfully,
Zou Donghai
Chairman

30 June 2017

FINANCIAL REVIEW

The turnover of the Company and its subsidiaries ("Group") during the Financial Year ended 31 March 2017 was approximately HK$331.8 million, an increase of about 70.3% from HK$194.80 million in the corresponding period last year. Such an increase was attributable to a rise in revenues from the sales of refined oil and the trading of methyl tert-buyl ether, a chemical used as a component in fuel for gasoline engines of automobiles. Loss attributable to owners of the Company was approximately HK$166.8 million, an increase of 52.2% from approximately HK$109.6 million accrued last year. The increase in loss was primarily due to (i) the significant increase in the Group's revenue from retail of refined oil and methyl-tert-buyl ether of approximately HK$138.5 million for the Financial Year and (ii) the decrease in administrative expenses by approximately HK$39.1 million from HK$109.7 million of the last year to approximately HK$70.6 million of the Financial Year.

BUSINESS REVIEW

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

The Group's power and data cords business recorded a turnover of HK$68.5 million, a drop of 2.14% from HK$70.0 million in the previous Financial Year. However, the segment result of the power and data cords business improved by approximately HK$9.9 million from HK$9.6 million loss of the last year to approximately HK$0.3 million income of the Financial Year. The decrease in loss was mainly attributable to the decrease in administrative expenses, including (i) decrease in provision of doubtful debts on trade and other receivable and (ii) decrease in salaries and allowance expenses.

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

Management Discussion and Analysis

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

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

On 4 May 2016, the Vendors and the Group entered into a supplemental agreement in relation to the acquisition agreement to extend the long stop date from 5 April 2016 to 30 June 2016 as additional time is required for the Company to complete the due diligence exercise. During the reporting period, the acquisition was terminated. The deposit amounting HK$32,000,000 paid to vendor will refund to the Company. On 28 June 2016, the above deposit amounting HK$9,100,000 was refunded to the Company, the directors consider that the remaining portion of deposits were long outstanding and made allowance for provision of HK$22,900,000.

In terms of overall geographical market performance, United States and mainland China contributed to 6.7% (2016: approximately 11.2%) and 90.2% (2016: approximately 84.0%) of the Group's total turnover, while the remaining 3.1% (2016: approximately 4.8%) came from its overseas markets, including Taiwan and Hong Kong.

Power and Data Cords Business

The Group's power and data cords business generated a turnover and gross profit of HK$68.5 million (2016: HK$70 million) and HK$22.1 million (2016: HK$16.5 million) respectively during the Financial Year. These represented a decrease of 2.1% and an increase of 33.9% respectively from the preceding year. The increase in gross profit margin is mainly due to a significant decrease of cost of goods sold.

Power Cords and Inlet Sockets for Household Electric Appliances

Due to tough market competition, the Group's turnover from the sales of power cords and inlet sockets for household electric appliances in the Financial Year was approximately HK$7.7 million, compared to approximately HK$13.3 million in 2016, representing a year-on-year decrease of 42%.

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

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

Power and Data Cords for Mobile Phones and Medical Control Devices

With fierce competition in the sector during the Financial Year, the Group focused on those customer groups generating high profit margins and rigorously controlled its production costs, and the Group's turnover from power and data cords for mobile phones recorded and increase of approximately 3.7% to approximately HK$33.7 million (2016: approximately HK$35 million) for the Financial Year.

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

The Group's turnover from its power and data cords for medical control devices increased 2.3% to HK$22.3 million from HK$21.8 million of the previous Financial Year. These products are primarily exported to a United States-based customer, which are then processed into final products including keyboards, pillow speakers, bed controls, bed cables and call cords targeting the medical and pharmaceutical market.

Development of Digital Applications

During the Financial Year, the Group's digital applications business operating through its recently acquired subsidiary 3 Dynamics, remained in the stage of development and hence fell short of the turnover and revenue forecasts. Due to this, the Group sustained a loss of approximately HK$34.0 million. Notwithstanding the short-term performance outcome, it is anticipated that the business will yield promising revenue contributions to the Group, which will continue to closely monitor and steer the operations of 3 Dynamics towards profitability.

Pursuant to the terms of the sale and purchase agreement dated 21 November 2013 ("SPA"), Mr. Chung Wai Sum (the "Vendor") irrevocably and unconditionally warranted and guaranteed to Dynamic Miracle Limited, a wholly-owned subsidiary of the Company (the "Dynamic Miracle") that the audited net profits after tax of 3 Dynamics as shown in its audited financial statements 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 (the "Relevant Period") shall not be less than HK$42,000,000 (the "Profit Guarantee"). The Profit Guarantee was secured by 140,000,000 consideration shares ("Escrow Shares") of the Company issued to the Vendor. As certified by the previously auditor of the 3 Dynamics, 3 Dynamics has recorded a net loss after tax in its audited financial statements for the period from 11 December 2013 to 10 December 2014 and was no profit for the Relevant Period pursuant to the SPA. Under the terms and conditions as stipulated in SPA, the Escrow Shares would be sold in order to pay for the Profit Guarantee. During the year ended 31 March 2016, a portion of the Escrow Shares were sold to pay for the Profit Guarantee. An amount of HK$20,000,000 was received by the Group to partially settle the Profit Guarantee obligation of the Vendor. As at 31 March 2017, the balance of HK$22,000,000 was still outstanding for the Profit Guarantee and only 73,870,000 (after adjustment for share subdivision and consolidation) of the Escrow Shares remained as a security for the Profit Guarantee.

The Company has been negotiating with the Vendor continuously to recover the outstanding amount. As at 31 March 2017, the outstanding balance of HK$22,000,000 (2016: HK$22,000,000) represents the nominal amount of cash to be received for the Profit Guarantee. However the receivables has been long outstanding despite of the Escrow Share held, in view of the market condition, the director considered that the chance to collect the balance would be low and full provision had been made for the amount receivable.

Due to the delay of launching of the business plan, impairment loss on goodwill and intangible assets of approximately HK$59,741,000 and HK$Nil (2016: approximately HK$10,377,000 and 14,797,000) respectively has been recognised. The managements are still optimistic on the industry and 3 Dynamics. For details, please refer to notes 18 and 19 of the consolidated financial statements.

Natural Gas and Clean Energy Business

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

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

Refined Oil Business

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

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

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

During the Financial Year, the sales of refined oil contributed approximately HK$146.2 million turnover to the Group, augmenting its total revenues. Considering the enormous market potential and demand for refined oil in the PRC, the Group believes that its future earnings from this business segment will continue to expand from strength to strength.

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

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

The Group takes the view that its engagement in the trading of such a chemical will bring in considerable revenues, immediately and over the long term. During the Financial Year, the trading of methyl tert-buyl ether generated a turnover of approximately HK$117 million to the Group, contributing to an increase of its total revenues.

Acquisition Activities

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

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

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

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

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

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

Due to no extension of the long stop date and the deposit paid amounting HK$32,000,000 required to be refunded to the Group.

On 28 June 2017, the above deposit amounting HK$9,100,000 was refunded to the Company, the directors consider that the remaining deposits were long outstanding and made provision of the deposit of HK$22,900,000.

Resignation of Executive Director

Mr. Chan Lung Ming has resigned as an executive Director of the Company with effect from 6 December 2016.

Management Discussion and Analysis

Changes of independent non-executive Director

Mr. Ng Ka Chung has retired as an independent non-executive Director with effect from 29 July 2016.

Mr. Chan Ying Kay has been appointed as an independent non-executive Director with effect from 29 July 2016.

Changes of Company Secretary and Authorised Representative

Dr. Ho Chun Kit, Gregory has tendered his resignation as the authorised representative of the Company with effect from 1 September 2016 but he continues to act as the executive Director.

Mr. Wong Ching Wan has tendered his resignation as the company secretary of the Company with effect from 31 October 2016 and authorised representative with effect from 23 January 2017.

Dr. Zheng Jian Peng, an executive Director, has been appointed as the company secretary of the Company with effect from 31 October 2016 and one of the authorised representatives of the Company with effect form 1 September 2016.

Mr. Zou Donghai, a Chairman and executive Director, has been appointed as the one of the authorised representatives of the Company with effect from 23 January 2017.

OUTLOOK

During the Financial Year, the business sectors in which the Group operated saw their growths hampered by international financial volatility and a slowdown in the emerging markets, including China. Falling commodity prices, the declining global industrial output and depressed trading added to the uncertainties. Despite the challenging macro-economic conditions, the Group achieved a steady growth across its traditional and new business segments generally. Correspondingly, it recorded a 70.3% increase in overall turnover, due to revenue growth from the sales of refined oil and chemicals trading.

While this low-growth environment appears likely to persist in 2017 and beyond, the Group is steadfastly committed to expanding its market presence and profitability, through an operational strategy calculated to broaden its revenue bases and capture new business opportunities presented by the market developments and in alignment with China's latest policies.

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

Management Discussion and Analysis

Apart from continue development on existing business, to diverse business's operational risk and optimize earnings structure, the Group will actively look for potential and long term sustainable strategic expansion planning projects; the Group continued to carry out prudent assessments on relevant projects and industries with a view to make the investment decisions which are favorable to the long-term development of the Group.

In line with China's 13th Five-Year Plan, which continues to encourage Liquefied Natural Gas (LNG) utilization within the waterborne transportation industry, the Group will continue to leverage on the patent technology held by Jiangxi China Oil for the conversion of vessels to LNG bunkers and develop this business segment further. Presently, such conversion can result in a savings of 15 percent of fuel cost, a 70 percent reduction in emissions of nitrogen oxides (NOx) and longer engine life. However, the continuously low prices of crude oil deterred vessel operators from utilizing natural gas, which was costlier, hence slowing the demand for such clean energy. Over the longer haul, the Group believes that the demand for LNG will continue to expand due to state policies mandating environmental protection.

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

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

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

Management Discussion and Analysis

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

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

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

FUNDRAISING ACTIVITIES

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

Date of announcement	Method of fundraising	Net proceeds received	Intended use of proceeds	Actual use of proceeds
19 August 2016	Placing of Shares	Approximately HK$3.6 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
30 November 2016	Placing of Shares	Approximately HK$19.4 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

On 19 August 2016, the Company and HF Securities and Futures Limited ("HF Securities") as the placing agent, had entered into a placing agreement, pursuant to which HF Securities had conditionally agreed to place, on behalf of the Company, a maximum of 48,000,000 new Shares, on a best efforts basis, to the placee(s) at the price of HK$0.152 per Share (after adjustment for share consolidation). The placing Shares represented 0.47% of the then issued share capital of the Company as at 19 August 2016 and approximately 0.47% of the issued share capital of the Company as enlarged by the placing. On 26 August 2016, the conditions under the placing agreement had been fulfilled and completion of the placing took place. The gross proceeds from the placing was approximately HK$3,648,000. The net proceeds from the placing was approximately HK$3,575,040, which will be used as general working capital of the Group and/or for financing future investment opportunities. The details of the placing were set out in the announcements of the Company dated 19 August 2016, 25 August 2016 and 26 August 2016.

On 30 November 2016, the Company and Emperor Securities Limited ("Emperor Securities") as the placing agent, had entered into a placing agreement, pursuant to which Emperor Securities had conditionally agreed to place, on behalf of the Company, a maximum of 210,000,000 new Shares, on a best efforts basis, to the placee(s) at the price of HK$0.101 per Share. On 9 December 2016, the conditions under the placing agreement had been fulfilled and completion of the placing took place. A total of 200,000,000 placing Shares were successfully placed, which represented 3.93% of the then issued share capital of the Company as at 9 December 2016 and approximately 3.78% of the issued share capital of the Company as enlarged by the placing. The gross proceeds from the placing was approximately HK$20,200,000. The net proceeds from the placing was approximately HK$19,392,000, which will be used as general working capital of the Group and/or for financing future investment opportunities. The details of the placing were set out in the announcements of the Company dated 30 November 2016, 2 December 2016, 6 December 2016 and 9 December 2016.

On 4 January 2017, the Company as issuer and Mr. Zou Donghai (the "Subscriber"), the Chairman of the Company as subscriber entered into a subscription agreement (the "Subscription Agreement") in relation to the subscription of 700,000,000 new Shares (each a "Subscription Share") of HK$0.0002 each in the share capital of the Company at the price (the "Subscription Price") of HK$0.101 per Subscription Share. The Subscription Shares represented (i) approximately 13.25% of the then issued share capital of the Company as at 20 January 2017; and (ii) approximately 11.70% of the issued share capital of the Company immediately upon completion (assuming there is no change to the issued share capital of the Company from 20 January 2017 and prior to completion) as enlarged by the Subscription. The maximum gross proceeds from the Subscription will be approximately HK$70,700,000. The maximum net proceeds from the Subscription are estimated to be approximately HK$70,280,000, which will be used as general working capital of the Group, development and expansion of the existing businesses of the Group and/or for financing future investment opportunities. The Subscription Agreement is approved by the Shareholders at the extraordinary general meeting held on 10 February 2017. The transaction was completed on 24 April 2017.

Management Discussion and Analysis

ANNUAL GENERAL MEETING

The forthcoming Annual General Meeting of the Company ("2017 Annual General Meeting") will be held on Thursday, 7 August 2017.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining shareholders' entitlement to attend and vote at the 2017 Annual General Meeting of the Company to be held on Monday, 7 August 2017, the register of members of the Company will be closed from Wednesday, 2 August 2017 to Monday, 7 August 2017, both dates inclusive. During this period, no transfer of shares of the Company will be effected. In order to qualify to attend and vote at the aforesaid meeting, all share certificates with completed transfer forms must be lodged with the Company's Hong Kong Branch Share Registrar and Transfer Agent in Hong Kong, Tricor Investor Services, Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Tuesday, 1 August 2017.

EMPLOYEES' REMUNERATION POLICY

As at 31 March 2017, the Group employed 297 (2016: 262) full-time employees in mainland China and Hong Kong combined. The employees' remuneration policy of the Group is regularly reviewed and determined by reference to market terms, the Group's financial performance as well as the individual's academic and professional qualifications and work performance. Staff benefits include Mandatory Provident Fund contributions for Hong Kong employees and contributions to central pension schemes operated by local municipal governments for mainland-based employees. The Group provides various training programmes to equip its staff with requisite skills and knowledge. In addition, a share option scheme is offered to recognize significant staff contributions. During the Financial Year, no share options were issued to eligible participants under the Company's share option scheme. Total staff costs, inclusive of Directors' remuneration, for the Financial Year totaled approximately HK$21.0 million (2016: HK$34.3 million).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2017, the aggregate carrying value of the Group's indebtedness was approximately HK$98.0 million (2016: approximately HK$107.6 million), which comprised of promissory notes and bank borrowings. The indebtedness was denominated in Hong Kong dollars. As at 31 March 2017, the Group maintained bank and cash balances of approximately HK$45.1 million (2016: approximately HK$38.1 million).

As at 31 March 2017, the Group had trade receivables of approximately HK$8.7 million (2016: approximately HK$14.0 million), representing approximately 2.6% (2016: approximately 7.20%) of the Group's turnover of approximately HK$331.8 million (2016: approximately HK$194.8 million) for the Financial Year.

As at 31 March 2017, the Group's gearing ratio was approximately 54.6% (2016: 31%). This was based on the division of the Group's total indebtedness by the aggregate amount of total indebtedness and total equity attributable to owners of the Company. The Directors, taking into account of the nature and scale of operations and the capital structure of the Group, considered that the gearing ratio as at 31 March 2017 was reasonable. Details of the Company's share structure as at 31 March 2017 are set out in note 32 to the consolidated financial statements.

SHARE CONSOLIDATION

In order to increase the liquidity in trading of the shares of the Company, on 24 August 2016, the Board proposed that every two issued and unissued Existing Shares of HK$0.0001 each in the share capital of the Company be consolidated into one Consolidated Share of HK$0.0002 each. The Share Consolidation was approved by the shareholders of the Company (the "Shareholders") by way of an ordinary resolution at the Extraordinary General Meeting of the Company (the "EGM") held on 29 September 2016.

SECURITIES IN ISSUE

During the Financial Year,

(1) 36,337,000 new ordinary shares were issued upon the exercise of share options under the share option scheme of the Company.

(2) on 19 August 2016, 24,000,000 new ordinary shares at the placing price of HK$0.152 were issued to an independent third party.

(3) On 30 November 2016, 200,000,000 new ordinary shares at the placing price of HK$0.101 were issued to an independent third party.

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

EXPOSURE TO FOREIGN EXCHANGE RISK

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

PLEDGE OF ASSETS

As at 31 March 2017, the Group's following assets are pledged to secure its bank borrowings:

a) The Group pledged its leasehold land and buildings with an aggregate carrying value of approximately HK$13,836,000 (2016: approximately HK$14,269,000); and

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

SIGNIFICANT DISPOSALS

The Group had no 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.

COMMITMENTS

The Group's commitments as at 31 March 2017 are set out in notes 35 to the consolidated financial statements.

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 31 March 2017 (2016: HK$Nil).

SEGMENT INFORMATION

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

Environmental, Social and Governance Report

INTRODUCTION

This Environmental, Social and Governance ("ESG") Report (the "Report") has been prepared by China Oil Gangran Energy Group Holdings Limited (together with its subsidiaries, the "Group" or "we") in accordance with the requirements of Appendix 20 "Environmental, Social and Governance Reporting Guide" of the GEM Listing Rules of the Hong Kong Stock Exchange ("HKEx") to help stakeholders better understand our ESG policy, measures and performance.

The Report covers the principal business of the Group for the period between 1 April 2016 and 31 March 2017 (2017 "Financial Year" or "Reporting Period"), i.e., the business in relation to the trading of refined oil and chemicals, as well as manufacturing and sales of power cords and data cords in Hong Kong and the PRC, including the Hong Kong head office, Sun Fair Electric Wire & Cable (Shenzhen) Company Limited ("Sun Fair Shenzhen") in Shenzhen, Guangdong Province and Jiangxi China Oil Gangran Energy Technology Company Limited ("Jiangxi China Oil") in Jiujiang City, Jiangxi Province of the PRC. Sun Fair Shenzhen is engaged in the manufacturing and sales business of power cords and inlet sockets for household electric appliances, and mobile phones and medical control devices in Shenzhen, while Jiangxi China Oil is primarily engaged in the refined oil sales business through operating leased bunker barges in the Yangtze River, Gan River and Poyang Lake basins of the PRC. The determination of reporting scope is detailed in the below section headed "Stakeholder Engagement and Materiality Assessment".

Our board of directors is responsible for monitoring the ESG strategy, policy and measures and is vested with the power to make final decisions. Our ESG initiatives are carried out by the management team, which ensures the effectiveness of ESG risk management and related internal control system, thereby driving the sustainable development of the Group.

ESG MISSION AND VISION

Climate change, as well as other environmental and social issues, has become the centre of attention in recent years. At the same time, both the Hong Kong and PRC governments have launched various policies to promote corporate social responsibility and green business principle, which demonstrate their commitment and support to sustainability. In respond to the governments' call, the Group puts in great efforts to adopt green operating practices and takes actions to consistently implement a series of measures that aims at improving the environment and community. The Group even took initiatives to prepare and disclose the ESG report as early as two years ago to communicate to the public its dedication to social responsibility.

Environmental, Social and Governance Report

China has experienced steady economic development in the past few years, during which the logistics and transportation industry played an important role. As a seller of oil products, the Group also indirectly drove the development of related industries. However, fossil fuel consumption from logistics and transportation vehicles inevitably damages the environment. Hence, the Group strives to reduce pollution and protect the natural environment and ecosystem through green practices. For example, it reduces emission of air pollutants by offering the more eco-friendly liquefied natural gas as a fuel for waterway vessels in replacement of the traditional use of diesel, which allow the maritime transport system to keep playing a part in the country's development in a sustainable manner.

In view of the various environmental policies introduced under China's Thirteenth Five Year Plan, the Group endeavours to enhance operating standards and cut energy consumption and carbon emission. Through which, it injects positive energy and makes contribution to the community. While pursuing business development and steady long-term return for shareholders, the Group also adopts operating practices that bring environmental and social benefits so as to create more shared values.

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

To gather stakeholders' opinion, the Group maintains ongoing communication with them through different channels, which enables it to timely respond to their expectation on business and sustainability performance. The Group mainly adopts the following channels to communicate with the stakeholders:

Stakeholders	Communication channel
Investors/shareholders	• Annual general meetings and notices • Annual reports, consolidated financial statements and announcements • Company website • Investor briefings
Customers	• Company website • Customer service hotline
Employees	• Notices and circulars • Team briefings • Staff opinion survey • Employee performance appraisals

Stakeholders	Communication channel
Suppliers	• Contract • Supplier guidelines • Vendor audit reports
Communities	• Company website • Annual reports • Code of conduct

Gaining insight on stakeholders' expectation through the above communication channels, the Group reviewed its business operation and conducted materiality analysis in various ESG areas to determine the reporting scope for the Report as follows:

HKEx "Environmental, Social and Governance Reporting Guide" aspects	Material ESG aspects of the Group
A. Environmental	
A1. Emissions	• Carbon emission • Waste
A2. Use of Resources	• Energy consumption • Use of water resources
A3. The Environment and Natural Resources	• Hazardous materials • Clean energy
B. Social	
B1. Employment	• Remuneration and benefits • Promotion and development • Employee care • Equal opportunity

HKEx "Environmental, Social and Governance Reporting Guide" aspects	Material ESG aspects of the Group
B2. Health and Safety	• Workplace safety and health
B3. Development and Training	• Departmental training • External training
B4. Labour Standards	• Prevention of child labour and forced labour
B5. Supply Chain Management	• Procurement system
B6. Product Responsibility	• Product and marketing responsibility • Information privacy
B7. Anti-corruption	• Prevention of bribery and money laundering
B8. Community Investment	• Social belief

A) ENVIRONMENTAL

Emissions

The principal activates of the Group, namely the trading of refined oil and chemicals, and manufacturing and sales of power cords and data cords, does not cause significant emission of air pollutants, sewage and hazardous wastes in the course of operation. Our emissions mainly comprise packaging materials (such as plastic bags and cartons), office paper and other non-hazardous waste.

The Group has put into practice the ISO 14000 environmental management system standards. It provides trainings and regulatory guides to staff on energy saving, waste reduction and water conservation. It also raises employees' awareness of environmental protection by promoting recycling and green office practices. Such policies not only reduce the environmental impact of our operation, but also cut production costs and achieve win-win results.

The Group complies with all environmental laws and regulations, including the "Environmental Protection Law of the People's Republic of China" and "Measures on Prevention of Solid Waste Environmental Pollution of the People's Republic of China". Non-hazardous wastes generated from the Group's operation are removed and disposed by qualified waste recyclers to ensure all processing procedures are in line with the requirements of environmental regulations. During the Reporting Period, the Group has not identified any breach of environmental protection laws and regulations.

Emissions

During the Reporting Period, the Group consumed approximately 30.3 tonnes of paper, packaging paper and cartons in the manufacturing and sales of power cords and data cords and office operation. It also consumed 7.4 tonnes of plastic materials for packaging.

For the purpose of enhancing waste recovery, the Group places waste separation bins at office and production workshop to facilitate sorting of unwanted materials. Once segregated and collected, such materials are handled by recyclers for better recycling efficiency. Furthermore, the Group operates as close to a paperless office as possible by digitalizing documents. It also reuses all wastepaper within the organization, so that less wastepaper is generated from administrative works. In terms of packaging, the Group minimizes packaging materials of products by cutting unnecessary wrappings. It also reuse materials and recycled materials to reduce avoidable wastage of resources. The above initiatives enable the Group to raise employees' environmental awareness and incorporate green culture in the daily operation.

Carbon emission

During the Reporting Period, the Group operates a total area of 19,811 square meters. Set out below is the carbon emission data:

Emission scope	Source of emission	Emission in tonnes of carbon dioxide equivalent	Intensity in tonnes of carbon dioxide equivalent/ square meter
Scope 1	Diesel and unleaded gasoline for transportation	119	0.006
Scope 2	Electricity consumption	855	0.043
Scope 3	Wastepaper, waste plastic and use of water	149	0.008
Total		1,123	0.057

Note: The calculation of carbon emission is based on the Greenhouse Gases Protocol published by World Business Council For Sustainable Development (WBCSD) and World Resources Institute (WRI), Reporting Guidance on Environmental KPIs issued by the HKEx, Greenhouse Gas Emissions Factors of the Department for Environment, Food & Rural Affairs of the United Kingdom (DEFRA), and the China Regional Grid Baseline Emission Factor published by the Climate Change Office of National Development and Reform Commission of China.

Consumption of energy in the form of electricity, gasoline and diesel make up for most of our carbon emission. The Group has implemented various energy conservation initiatives to reduce carbon emission. Please refer to the section headed "Use of Resources" below for details.

Use of Resources

The Group is committed to the sustainability strategy. It strives to cut energy consumption and emission from all of its production and operation activities while devoting considerable efforts to advocate low carbon practices. Actively adopting energy saving and consumption reduction measures, the Group tries to minimise the use of energy in production and operation. Meanwhile, it analyses the entire production and operation process to trim energy and resources consumption. Through the monthly financial report, the management monitors the Group's utilization of resources, thereby exercising precise cost control and pursuing production efficiency and energy conservation.

Energy consumption

Our main sources of energy consumption include electricity used in production and diesel and unleaded gasoline for transportation. During the Reporting Period, the total electricity consumption of the Group was 1,354,360kWh[1] (intensity: 68.37kWh/square meter of floor area); the total consumption of diesel and unleaded gasoline was 45,244 litres[2].

Reducing electricity consumption has long been considered an important measure that alleviates the pressure on the environment and helps natural resources preservation. As compared to other electrical appliances, lighting fixtures and air-conditioners account for a higher portion of the Group's electricity consumption. On account of that, we have introduced a number of initiatives targeting such usage at the plants and office in Hong Kong and the PRC. For example, we require employees to turn off lights when no one is in the office, set the air conditioners at 23-25˚C and install lights with motion sensors. Our employees also have to ensure the lighting and air conditioning system is in good and proper condition and operates with maximum efficiency and minimum electricity consumption. On the group level, preference is given to efficient production and transport machinery in procurement. The Group also uses vehicles that outperform the national emission standards and, through scientific preparation of production and transportation schedules, it coordinates all processes to achieve maximum efficiency and effective use of resources.

1 Electricity consumption directly attributable to and controllable by the Group, excluding usage attributable to or controlled by third parties (such as property management companies or suppliers).

2 Gasoline is mainly used in goods vehicles and passenger-carrying vehicles for staff, hence there is no representative intensity data for disclosure.

Use of water resources

The production and operation process of the Group does not involve substantial water usage. As a result, water is mainly used for employees' daily consumption and there are no difficulties in sourcing water that is fit for purpose. During the Reporting Period, the water consumption of the Group amounted to 6,607 cubic meters[3] and the intensity was 0.33 cubic meter/square meter of floor area.

As to our manufacturing business, with the view of reducing water consumption, the Group has established the water separation system and recycling program for the production line at plants. In terms of daily water consumption, the Group fulfils its corporate social responsibility and encourages employees to cut water usage. It also puts water conservation signs in conspicuous places to boost staff's awareness.

The Environment and Natural Resources

The Group attaches great importance to the impact of its business operation on the environment and natural resources. Thus, it follows national environmental regulations and international standards and adopts green management practices.

The Group endeavours to cut energy consumption and promote environmental protection. To this end, it strives to keep its energy usage and emissions within the national limit while ensures all emissions and other pollutants (including greenhouse gases and hazardous wastes that may cause water and land pollution) are in compliance with the national laws and regulations.

The Group regularly assesses the impact of its business on the surrounding environments in order to identify potential environmental risks and formulate the appropriate measures based on the assessment results. This allows it to mitigate the negative impact and carry out ongoing monitoring and management.

Hazardous materials

The Group utilizes a limited amount of hazardous substances in manufacturing power cords and data cords, which include PVC, heavy metals and halogen compounds. With the view of reducing the risk, the Group adopts strict production procedures and minimizes the use of such materials in the products. All of the Group's products for export are designed to meet global quality standards and they have passed the Restriction of Hazardous Substances (RoHs), REACH, Waste Electrical and Electronic Equipment (WEEE) and other environmental tests, proving that our products have reached international standards.

3 Water consumption directly attributable to and controllable by the Group, excluding usage attributable to third parties or included in fixed property management fee.

Clean energy

In China's Thirteenth Five Year Plan, one of the environmental policies proposes the replacement of diesel as traditional fuel with the cleaner liquefied natural gas (LNG) in the water transportation industry. In view of such, the Group decides to fully support the initiative and is set to assist the eco-friendly development of the water transportation industry. With the patented technology held through Jiangxi China Oil, the Group helped shipping carriers to convert their vessels into LNG-powered ones. This not only cuts the emission of nitrogen oxides by 70%, but also reduces fuel costs by 15% and extends engine life. In order to promote LNG fuel in the water transport industry, the Group also actively seeks to cooperate with China's renowned education and research institutions while conducting research on "oil-to-gas" conversion technology for shipping vessels.

B) SOCIAL

Employment

As of 31 March 2017, the Group had 297 employees in total. We recognize the importance of staff's contribution and cooperation to business success, therefore we offer competitive remuneration and benefit package to attract talents. All of the Group's human resources policies, including those related to employment, resignation, remuneration and benefits, working hour and holidays, are in compliance with the national and local labour laws and regulations, granting appropriate protection for staff. During the Reporting Period, the Group has not identified any material breach of employment laws and regulations, including the Employment Ordinance of Hong Kong and the Labour Law of the People's Republic of China.

Remuneration and benefits

We have a well-established talent motivation mechanism in place to attract high-calibre job applicants who share our vision. The Group offers basic benefits as required by the laws such as "Five Insurances and One Fund", medical insurance, annual leave, sick leave and double pay for overtime work, as well as other additional benefits, which include performance-based bonus, free lunch, travel allowance, transport allowance, course allowance, overseas training, marriage leave and maternity leave.

The determination of remuneration is based on the job duties, qualification, experience and performance of the employee. The Group also conducts market studies to develop insights on the remuneration level in the industry. In every January, the management of the Group adjusts employees' wages based on the results of the performance appraisal and market studies.

Promotion and development

The Group carries out evaluation to better understand employees' performance at the end of each year. Staff members who have attained remarkable achievements and made outstanding contribution will be recognized by means of material rewards, honours and promotion opportunities. Meanwhile, for employees with mediocre performance, the Group drives them towards improvement mainly through encouragement complemented with appropriate two-way review. We offer suitable vocational trainings, arrangements and career path to promising employees as well, so as to equip them for more responsibilities and promote the growth of both the Group and the employees.

Employee care

The Group places great emphasis on staff engagement and cohesion. In order to foster the harmonious culture of "one for all and all for one", the Group adopts an open door policy to facilitate internal communication and invites employees to raise questions, concerns, recommendations and complaints regardless their departments or position levels. Employees may give feedbacks directly to the Chairman of the board of directors through his assistant as well if necessary. As to complaints relating to suspected ethical and legal violations, they may report to the Chairman of the Audit Committee in writing or by mail. The Group protects the interests of staff by upholding confidentiality of all communication channels.

Equal opportunity

The Group offers fair and excellent employment and promotion opportunities. Staff members are not discriminated against or deprived of such opportunities on the basis of gender, nationality, marital status, religious belief, disability, pregnancy or any other discrimination prohibited by applicable law. We prevent discrimination at workplace by maintaining strict compliance with local applicable anti-discrimination laws. Employees are encouraged to report discrimination cases to the human resources department for investigation and resolution. In relation to substantiated cases, the Group will impose the appropriate penalty and hand them over to the judicial authorities as necessary.

Health and Safety

Workplace safety and health

Helping employees to stay healthy and safe is the key to productivity. Therefore, the Group seeks to create an excellent working environment and takes into consideration occupational health and safety in the design and arrangement of workplace. In terms of hardware, fire safety equipment and evacuation signs are placed in conspicuous places at office, factory workshops and refined oil retailing vessels. With the emergency protocol and the ancillary safety equipment in place, the Group is able to provide a working environment that meets the national safety standards. Furthermore, so as to ensure safety, all employees are required to strictly follow the safety instructions on proper storage of machines, equipment and raw materials for production.

Moreover, the Group uses its best endeavours to enhance occupational health and safety awareness among staff. By formulating health and safety policy and procedure, it communicates relevant knowledge and guidelines to employees through staff manual, orientation and on-the-job trainings, various types of safety notices, posters and slogans, thereby reminding them to stay safe when performing job duties. For employees at factories and on deck who are in high risk positions, the Group will give risk-specific trainings such as lessons on fire safety. In the meantime, the Group encourages office staff in low risk positions to work out more and puts up occupational safety and health posters as precautions against occupational diseases. Such initiatives help minimising risks and safeguarding the interests of employees, customers and other stakeholders.

The Group implements safety measures pursuant to the applicable occupational safety and health laws. During the Reporting Period, there has not been any breach of laws and regulations relating to occupational safety and health.

Development and Training

The Group has a well-established system to provide suitable training opportunities to different departments and positions, so that staff members, regardless their roles, have access to the knowledge and skills required to keep the efficiency and productivity. This enhances the Group's competiveness in terms of product development and service provision, which is beneficial to long-term development.

Departmental training

The Group provides relevant trainings based on department function. For instance, the human resources department attends seminars held by large institutions not only to learn about the market trend on human resources and salary, but also to widen the professional network for future recruitment and social events. Furthermore, in order to speed up salary, annual leave and MPF calculation and keep pace with the times, it also participates the human resources program organized by the Labour Department or other institutions to gain exposure on the latest software and systems in the industry. The finance department encourages new employees to obtain professional accounting licenses and offers relevant support to facilitate the development of the staff and the Group. Apart from that, employees also gets regular updates on financial related technology that helps reduce complicated procedures. The Group sends staff to negotiation courses as necessary to sharpen their skills for communicating with external parties on its behalf. Employees of Jiangxi subsidiary involving in high-risk operations are required to undertake monthly safety trainings which are organized by the station director and supervised by the senior management to ensure training effectiveness.

External training

To drive the Company's overall development and growth, the Group encourages employees to participate in external training programs and seminars, which offers them the latest market information. Meanwhile, we subsidise staff members who are pursuing further studies, so that their new knowledge can benefit both themselves and the Group.

For the purpose of enhancing group-wide team spirit, our employees take part in team building exercises organized by professional institutions, where they develop team spirit and mutual trust through corporation and get ready to achieve the common goal at work.

Labour Standards

Prevention of child labour and force labour

The Group believes that children should grow up in a decent environment free from physical, psychological and mental harm caused by economic exploitation and labour. Thus, the Group is against any form of child labour and adopts all measures and internal control procedures to prevent such practice. With comprehensive internal control, the human resources department performs screening process on all job applicants who meet with the specific qualification and requirements for the position. If necessary, it will obtain the full personal file of the applicant to verify his eligibility.

The human resources policy of the Group is in strict compliance with the Employment Ordinance (Chapter 57, Laws of Hong Kong) and the Provisions on the Prohibition of the Illegal Use of Child Labour, the Law on the Protection of Minors of the People's Republic of China and the Labour Law of the People's Republic of China. In the meantime, a series of procedures is put in place to ensure there is no child labour or forced labour in the course of operation. During the Reporting Period, the Group has not identified any breach of laws and regulations relating to child or forced labour.

Supply Chain Management

Procurement system

As part of our social responsibility commitment, we established a standardized procurement system which takes into account quality, safety, environmental protection and other considerations. By carrying out procurement in an efficient, competitive, honest, transparent and open manner, we aims at bringing best value to the Group and other stakeholders.

For power cords and data cords production, the Group arrives at procurement decision after conducting screening based on the quality of raw materials, design, order specifications and transportation, so as to ensure high quality and safe raw materials are used in production. For our refined oil and chemical products business, we exercise rigorous safety control over product storage and transportation to reduce accident.

In addition, the Group also advocates green procurement, which involves assessing the suppliers' contribution to environmental protection and society in the procurement process. As we consider the results of the assessment in supplier selection and annual review, this policy ensures that our suppliers meet our environmental and social standards.

Product Responsibility

Product and marketing responsibility

To reach international quality standards, we aim at meeting various international standards and our power cord products have passed different environmental tests including RoHS, REACH and WEEE, as well as the standards and specifications established by USB Implementation Forum, Inc. All of the Group's products are in line with international and domestic regulatory standards and industry practices. Moreover, in full compliance with the Advertisement Law of the People's Republic of China and the Trade Descriptions Ordinance of Hong Kong, the Group's sales documents give true description of the specifications and features of our products without containing exaggerated and misrepresented information.

Information privacy

In its daily operation, the Group processes various types of operational data through the computer system. For the purpose of protecting the information of the Group and its stakeholders, we have installed legitimate software on all computers at workplace. To reduce the risk of hacker attacks, Trojan horse and computer viruses, employees are forbidden to install and use illegal copies of software or handle personal matters on company computers. Without the consent of the Group, they are also not allowed to disclose any confidential business information to third parties or use such information for personal gains. Staff members who are in breach of the policy and regulations will be subject to disciplinary actions or termination of employment.

In regard to employees' information, the Group defines all personal information submitted by staff as confidential and only grants access to human resources personnel. Employees may request for access to their personal information as held by the Group and make correction as necessary. The Group handles the personal information of staff in strict compliance with the Personal Data (Privacy) Ordinance (Chapter 486, Laws of Hong Kong).

The Group has stringent data protection procedure for customers' information. We include a confidentiality clause in all employment contracts which prohibits unauthorized disclosure or leakage of company information. Restricted access to customer information is granted to customer service personnel with operational needs to minimize risk of information leakage.

During the Reporting Period, the Group has not identified any breach of laws and regulations relating to product quality, marketing or personal information.

Anti-corruption

Prevention of bribery and money laundering

The Group has formulated the comprehensive company regulations and employee code of conduct (the "Code of Conduct") as the standards of staff conduct. With the view of maintaining efficiency and integrity, we require all staff members to follow the rules of the Code of Conduct and remain responsible and professional at all times.

Under normal circumstances, our employees are not allowed to offer, solicit or accept any gifts of material value to or from colleagues, customers, suppliers or other business partners of the Group that raise concern over conflict of interest. However, they may obtain the approval of the management to offer or accept low value gifts out of courtesy. All new employees are required to read and sign our policy on conflict of interest, which stipulates that staff members should avoid conflicts of interest between themselves and the Group when dealing with any third parties on behalf of the Group.

A whistleblowing mechanism has been set up to provide a reporting channel for staff. As a result, employees can report suspected corruption, theft, fraud and embezzlement cases to the immediate head of department, human resources department or other management members. The management may, in accordance with the local laws, report to government authorities such as the Police or Independent Commission Against Corruption for follow up action as necessary.

To curb money laundering, the Group prepares briefing materials based on the provisions and updates of the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance (Chapter 615, Laws of Hong Kong) and the rules set out in relevant global regulations (together referred to as the "Anti-money Laundering Laws"). Employees are kept informed of the latest regulations of the Anti-money Laundering Laws through circulation of such briefing materials and trainings. Besides, the Group also complies the list of Basel Anti-Money Laundering (AML) Index report to help employees identify potential breach of the Anti-money Laundering Laws in the ordinary course of business.

During the Reporting Period, the Group has not identified any breach of laws and regulations relating to prevention of corruption and money laundering.

Community Investment

Social belief

The prosperity of the society is closely related to the business of the Group. As a socially responsible enterprise, the Group places great emphasis on the development of the communities in which it operates and endeavours to build harmonious and friendly relationship with the locals. To this end, we encourage employees to take part in a wide range of charity events, such as voluntary activities and donation, with the view of helping those in need of material or non-material assistance. As long as the charitable initiatives are in line with the Group's core value, we support our staff in giving back to the society.

Report of the Directors

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

BUSINESS REVIEW

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

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The subsidiaries of the Company and their activities are set out in note 38 to the consolidated financial statements.

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

RESULTS AND APPROPRIATIONS

The results of the Group for the Financial Year are set out in the consolidated statement of profit or loss and other comprehensive income on pages 73 and 147.

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 77 and note 37 to the consolidated financial statements respectively.

PROPERTY, PLANT AND EQUIPMENT

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

SHARE ISSUED IN THE YEAR

Details of the shares issued are set out in note 32 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31 March 2017 amounted to approximately HK$29,205 (2016: approximately HK$307,469,000), calculated under the Companies Law of the Cayman Islands.

SUBSIDIARIES

Particulars of the Company's subsidiaries as at 31 March 2017 are set out in notes 38 to the consolidated financial statements on pages 144 to 147.

EQUITY LINKED AGREEMENTS

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

Details of the share options granted in prior years is set out in Note 33 of the consolidated financial statements and "Share options scheme" section contained in this Directors' Report. No share options were granted during the Financial Year.

36,337,000 new ordinary shares were exercised during the year from two consultants. The total consideration received was HK$6,686,008.

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 148 of the Report.

SHARE OPTION SCHEME

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

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

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

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

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

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

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

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

As at 31 March 2017 prior to the issue of the annual report, a total 342,098,000 option shares were still outstanding under the scheme, which represents approximately 6.47% of the issued ordinary shares of the company.

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

Grantee	Date of grant	Exercise price*	Exercise period of share options	Outstanding at 1 April 2016	Granted during the year	Exercised during the year	Cancelled/ Lapsed during the year	Consolidated Shares pursuant to a resolution of share consolidation passed by EGM on 29 September 2016	Outstanding as at 31 March 2017	Market value per share immediately before the date of grant of option*	Weighted average closing price per share immediately before the date of exercise of options*	Approximate % of the Company's total issued share capital as at 31 March 2017
Executive Directors Ho Chun Kit Gregory	17 March 2015	HK$0.184	17 March 2015 – 16 March 2025	43,174,000	–	–	–	(21,587,000)	21,587,000	HK$0.176	–	0.41%
Other Categories Consultants in aggregate	17 September 2013	HK$0.436	17 September 2013 – 16 September 2023	55,000,000	–	–	55,000,000	–	–	HK$3.8	–	–
	10 October 2013	HK$0.392	10 October 2013 – 9 October 2023	55,000,000	–	–	–	(27,500,000)	27,500,000	HK$3.8	–	0.52%
	13 January 2014	HK$0.314	13 January 2014 – 12 January 2024	110,000,000	–	–	–	(55,000,000)	55,000,000	HK$3.08	–	1.04%
	14 July 2014	HK$0.256	14 July 2014 – 13 July 2024	154,000,000	–	–	–	(77,000,000)	77,,000,000	HK$0.26	–	1.46%
	21 August 2014	HK$0.226	21 August 2014 – 20 August 2024	55,000,000	–	–	–	(27,500,000)	27,500,000	HK$0.24	–	0.52%
	16 February 2015	HK$0.164	16 February 2015 – 15 February 2025	87,174,000	–	–	–	(43,587,000)	43,587,,000	HK$0.17	–	0.82%
	17 March 2015	HK$0.184	17 March 2015 – 16 March 2025	197,522,000	–	72,674,000	–	(62,424,000)	62,424,000	HK$0.176	HK$0.088	1.18%
Former employee	23 September 2014	HK$0.310	23 September 2014 – 22 September 2024	55,000,000	–	–	–	(27,500,000)	27,500,000	HK$0.34	–	0.52%

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

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

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

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

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

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

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

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

DIRECTORS OF THE COMPANY

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

Executive Directors

Mr. Zou Donghai	*(Chairman)*
Mr. Rong Changjun	*(Vice-Chairman)*
Mr. Zhang Xueming	
Dr. Ho Chun Kit Gregory	
Mr. Chan Lung Ming	(resigned on 6 December 2016)
Dr. Zheng Jian Peng	

Independent Non-Executive Directors

Ms. Eugenia Yang	
Mr. Ng Ka Chung	(retired on 29 July 2016)
Mr. Lau Sung Tat, Vincent	
Mr. Chan Ying Kay	(appointed on 29 July 2016)

DIRECTORS' SERVICE CONTRACTS

None of the Directors who are proposed for re-election at the 2017 Annual General Meeting has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

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

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

EMOLUMENTS OF THE DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Please refer to note 13 to the consolidated financial statements on pages 115 to 118 for details of the emoluments of the Directors and the five highest paid individuals of the Company.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of Directors and senior management are as follows:

Executive Directors

Mr. Zou Donghai, aged 59, has entered into a service agreement with the Company for a period of three years subject to rotation and re-election at the annual general meeting of the Company in accordance with the Article of Association effected from 16 October 2014. Since then, Mr. Zou has been a Chairman and Executive Director of the Company. Mr. Zou has accumulated over 37 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 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 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 37 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總公司) 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 65, 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 41 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).

Dr. Ho Chun Kit Gregory ("Dr. Ho"), aged 39, was appointed as an Executive Director on 8 May 2013. He also as a director of some subsidiaries. Dr. Ho holds a Doctor of Business Administration from the Apollos University of USA, and a bachelor degree in business accounting from Monash University of Australia. He is also a member of the Certified Public Accountants of Australia. Dr. Ho worked for several international accounting and business advisory firms for more than 12 years in providing corporate finance, mergers and acquisition, accounting and tax, corporate restructuring and advisory services to corporate clients, including listed companies. Dr. Ho subsequently set up his own corporate advisory firm. Dr. Ho was an Independent Non-Executive Director of Sunrise (China) Technology Group Limited (stock code: 8226), a company listed on GEM, from April 2014 to August 2016. Dr. Ho also was an Executive Director of Seamless Green China (Holdings) Ltd (stock code: 8150), a company listed on GEM, from January 2012 to April 2014. Dr. Ho also was an Independent Non-Executive Director of Asia Resources Holdings Limited (stock code: 899), a company listed on the Stock Exchange, from February 2015 to October 2016.

Dr. Zheng Jian Peng ("Dr. Zheng"), aged 35, was appointed as an Executive Director on 15 December 2015. He also appointed as the Company Secretary of the Company on 31 October 2016. Dr. Zheng holds a Doctor of Business Administration from the Apollos University of USA, a Master of Law in International Economic Law degree from the Chinese University of Hong Kong and a Bachelor of Business Administration degree in Accounting from the Open University of Hong Kong. He is currently studying a Doctorate degree in Business Administration at the Hong Kong Polytechnic University. Dr. Zheng is a member of the Institute of Chartered Accountants in England and Wales and a member of the Hong Kong Institute of Certified Public Accountants. Dr. Zheng was an executive director of Sing Pao Media Enterprises Limited (Stock Code: 8010) for the period from January 2014 to October 2014 and was an executive director and the chief executive officer of a PRC based property developing company for the period from April 2014 to October 2014. Prior to that, Dr. Zheng was a financial controller of China Fortune Investments (Holding) Limited (formerly known as China Public Healthcare (Holding) Limited) (Stock Code: 8116) for the period from 1 March 2010 to 31 March 2012. Dr. Zheng has auditing experience in two International accounting firms. He was an executive director of Global Strategic Group Limited (Stock Code: 8007) until 3 June 2016. Dr. Zheng is also an Independent Non-Executive Director of Success Dragon International Holdings Limited (stock code: 1182), a company listed on the Stock Exchange, since 29 August 2016.

Independent Non-Executive Directors

Ms. Eugenia Yang ("Ms. Yang"), aged 40, was appointed as an Independent Non-Executive Director of the Company on 1 August 2013. Ms. Yang is a practicing barrister in Hong Kong. She is a member of HKICPA and a member of CPA Australia. She is also a member of Institute of Chartered Accountants in English and Wales ("ICAEW") and a member of the Institute of Certified Public Accountants of Pakistan. 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. Lau Sung Tat, Vincent ("Mr. Lau"), aged 59, was appointed as an Independent Non-Executive Director of the Company on 31 October 2013. He is a visiting Professor of Accounting and Finance by the Research Institute of Economics of Shenzhen University in Shenzhen, China. His professional qualification includes International Affiliate member of The Hong Kong Institute of Certified Public Accountants, fellow member of Association of Taxation and Management Accountants and Member of the Institute of Public Accountants in Australia, fellow member of Institute of Cost and Executive Accountants in United Kingdom, associate member of the Institute of Financial Accountants in United Kingdom, honorary fellow member of The American Management Institute in United States, fellow member of The American Computer Society and associate member of Montana Society of Certified Public Accountants in United States.

Mr. Chan Ying Kay ("Mr. Chan"), aged 53, has been appointed as an Independent Non-Executive Director of the Company effected from 29 July 2016. Mr. Chan holds a Master of Business Administration from the University of Sheffield. Mr. Chan is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.

Mr. Chan was an executive director and the company secretary of Bestway International Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 718) from May 1995 to March 2003. Mr. Chan was the company secretary and the chief financial officer of Beautiful China Holdings Company Limited, a company listed on the main board of the Stock Exchange (stock code: 706) from April 2003 to June 2016. He also was an independent non-executive director of China Environmental Energy Investment Limited, a company listed on the main board of the Stock Exchange (stock code: 986) from June 2011 to March 2013. Mr. Chan is the chief financial officer and the company secretary of Realord Group Holdings Limited, a company listed on the main board of Stock Exchange (stock code: 1196) since July 2016. Mr. Chan is also an independent non-executive director of Doyen International Holdings Limited (formerly known as Dowell Property Holdings Limited), a company listed on the main board of the Stock Exchange (stock code: 668) since October 2009. Mr. Chan has over 20 years of experience in accounting and finance.

Company Secretary

Dr. Zheng Jian Peng, aged 35, was appointed as the Company Secretary of the Company on 31 October 2016. Please refer to the biography of Dr. Zheng above.

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

As at 31 March 2017, 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
Dr. Ho Chun Kit Gregory	Beneficial owner/ personal	17 March 2015	HK$0.184	17 March 2015 – 16 March 2025	21,587,000

Save as disclosed above, as at 31 March 2017, none of the Directors or Chief Executives of the Company nor their associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under the provision of the SFO), or which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors.

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

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

So far as the Directors are aware, as at 31 March 2017, 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 (2016: 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	59.0%
– five largest suppliers in aggregate	90.9%
Sales	
– the largest customer	54.6%
– five largest customers in aggregate	71.3%

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

CONNECTED TRANSACTIONS

A summary of the related party transactions entered into by the Group during the year ended 31 March 2017 is set out in note 34 to the consolidated financial statements.

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

During the year ended 31 March 2017, the Group has an amount of HK$3,387,000 (2016: HK$9,433,000) due to Jiangxi Zhongyou Yingtai Natural Gas Limited Liabilities Company ("Zhongyou Yingtai"). Mr. Zou Donghai, the Chairman of the Company, holds more than 30% shareholding in Zhongyou Yingyai. Therefore Zhongyou Yingtai is an associate of Mr. Zou Donghai and the transactions with Zhongyou Yingtai is a connected transaction. The amount is unsecured, interest-free and repayable on demand. As the amount is on normal commercial terms or better to the Group, and it is not secured by the assets of the Group, pursuant to GEM Listing Rule 20.87, this financial assistance received by the Group is exempt from the shareholders' approval, annual review and all disclosure requirements under Chapter 20 of the GEM Listing Rules.

On 4 January 2017, the Company as issuer and Mr. Zou Donghai (the "Subscriber"), the Chairman of the Company, as subscriber entered into a subscription agreement (the "Subscription Agreement") in relation to the subscription of 700,000,000 new Shares (each a "Subscription Share") of HK$0.0002 each in the share capital of the Company at the price (the "Subscription Price") of HK$0.101 per Subscription Share. The Subscription Shares represented (i) approximately 13.25% of the then issued share capital of the Company as at 20 January 2017; and (ii) approximately 11.70% of the issued share capital of the Company immediately upon completion (assuming there is no change to the issued share capital of the Company from 20 January 2017 and prior to completion) as enlarged by the Subscription. The maximum gross proceeds from the Subscription will be approximately HK$70,700,000. The maximum net proceeds from the Subscription are estimated to be approximately HK$70,280,000, which will be used as general working capital of the Group, development and expansion of the existing businesses of the Group and/or for financing future investment opportunities. The Subscription Agreement is approved by the Shareholders at the extraordinary general meeting held on 10 February 2017. The transaction was completed on 24 April 2017.

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

SUFFICIENCY OF PUBLIC FLOAT

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

COMPETING BUSINESS

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

EMOLUMENTS POLICY

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

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

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

EVENTS AFTER THE REPORTING PERIOD

Details of significant events occurring after the reporting period are set out in note 39 to the consolidated financial statements.

PERMITTED INDEMNITY PROVISIONS

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

MATERIAL LEGAL PROCEEDINGS

As at 31 March 2017, 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

Elite Partners CPA Limited ("Elite Partners") resigned as the auditors of the Group with effect from 29 March 2017. In accordance with the Articles and with the recommendation from the audit committee of the Company, the Board resolved to appoint HLM CPA Limited ("HLM") as the new auditor of the Group to fill the casual vacancy on the even date following the resignation of Elite Partners and to hold office until the conclusion of the next annual general meeting of the Company.

On behalf of the Board

Zou Donghai
Chairman

Hong Kong, 30 June 2017

Corporate Governance Report

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

CORPORATE GOVERNANCE PRACTICES

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

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

During the Financial Year, the Company had complied with the code provisions in the CG Code with the exception of the CG Code provisions A.2.1 and A.6.7. The CG Code provision A.2.1 stipulates that the roles of the chairman of the Board of Directors (the "Chairman") and the Chief Executive Officer (the "CEO") should be separate and should not be performed by the same individual. The chairman of the Group is Mr. Zou Donghai. The executive Directors namely Mr. Zou Donghai, Mr. Rong Changjun, Mr. Zhang Xueming, Dr. Zheng Jian Peng and Dr. Ho Chun Kit Gregory are responsible on evaluating new potential business opportunities and investment opportunities and formulating and implementing business strategies to enhance the revenue growth of the Company. Hence, a new chief executive officer will not be appointed until suitable candidates have been identified for such purpose.

CG Code provision A.6.7 requires that Independent Non-Executive Directors shall attend general meetings and develop a balanced understanding of the views of Shareholders. Two Independent Non-Executive Directors attended Annual General Meeting.

The board will continue to monitor and review the Company's corporate governance practices to ensure compliance with the Code.

The Board conducted reviews of the system of internal controls of the Group to ensure an effective and adequate internal control system is in place. The Board also converted meetings to discuss financial, operational and risk management control.

BOARD OF DIRECTORS

Board responsibilities and Delegation

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

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

Responsibilities and Delegation

The Board is accountable to the Shareholders for the development of the Group with the goal of maximizing Shareholders' value in the long run. The Board also takes the responsibility for the overall strategies and policies of the Group, approves and monitors the strategic plans, investment and funding decisions, and reviews the Group's financial and operational performance and internal controls. The Group's day-to-day operations and administration are overseen by the Executive Directors and the management.

Corporate Governance Report

The Board is responsible for setting the strategic direction and policies of the Group and supervising the management of the Company. Some functions including the monitoring and approval of material transactions, matters involving a conflict of interest for a substantial Shareholder or Director of the Company, the approval of interim and annual results, declaration of interim dividends and proposal of final dividends and other disclosures to the public or regulators are reserved by the Board for consideration and approval. Matters not specifically reserved to the Board and necessary for the daily management and operation of the Company are delegated to the Executive Directors and the management of the Company.

BOARD OF DIRECTORS

Directors' Training

The Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company would provide a comprehensive induction package covering the summary of the operations and business, constitutional documents, the latest published financial reports of the Company, "A Guide on Directors' Duties" issued by the Companies Registry of Hong Kong and the Guidelines for Directors and the Guide for Independent Non-Executive Directors published by the Hong Kong Institute of Directors to each newly appointed Director to ensure that he/she is sufficiently aware of his/her responsibilities and obligations under the Listing Rules and other regulatory requirements.

The Company Secretary reports from time to time the latest changes and development of the Listing Rules, corporate governance practices and other regulatory regime to the Directors with written materials, as well as organizing seminars on the professional knowledge and latest development of regulatory requirements related to directors' duties and responsibilities. During the year and up to the date of this report, all Directors pursued continuous professional development and relevant details are set out below:

Name of Directors	Types of training
Executive Directors:	
Mr. Zou Donghai	A, B
Mr. Rong Changiun	A, B
Mr. Zhang Xueming	A, B
Dr. Ho Chun Kit Gregory	A, B
Mr. Chan Lung Ming (resigned on 6 December 2016)	A, B
Dr. Zheng Jian Peng	A, B
Independent Non-Executive Directors:	
Ms. Eugenia Yang	A, B
Mr. Ng Ka Chung (retired on 29 July 2016)	A, B
Mr. Lau Sung Tat, Vincent	A, B
Mr. Chan Ying Kay (appointed on 29 July 2016)	A, B

Remarks:
A – Attending seminars/conferences/forums
B – Reading journals/updates/articles/materials

Board Composition

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

		Attended/Eligible to Attend						
Name		**BM**	**ACM**	**NCM**	**RCM**	**AGM 29 Jul 2016**	**EGM 29 Sept 2016**	**EGM 10 Feb 2017**
Executive Directors								
Mr. Zou Donghai	*(Chairman)*	30/40	–	–	–	1/1	1/1	0/1
Mr. Rong Changjun	*(Vice Chairman)*	28/40	–	–	–	0/1	0/1	0/1
Mr. Zhang Xueming		25/40	–	–	–	0/1	0/1	0/1
Dr. Ho Chun Kit Gregory		39/40	–	–	–	1/1	0/1	1/1
Mr. Chan Lung Ming	(resigned on 6 December 2016)	8/26	–	1/1	1/1	0/1	0/1	0/1
Dr. Zheng Jian Peng		34/40	–	–	–	1/1	1/1	1/1
Independent Non-Executive Directors								
Ms. Eugenia Yang		34/40	5/5	1/1	1/1	1/1	0/1	0/1
Mr. Ng Ka Chung	(retired on 29 July 2016)	9/15	2/5	–	–	0/1	0/1	0/1
Mr. Lau Sung Tat, Vincent		33/40	5/5	1/1	1/1	0/1	0/1	0/1
Mr. Chan Ying Kay	(appointed on 29 July 2016)	20/26	3/5	–	–	–	–	–

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

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

CG Code provision A.6.7 requires that Independent Non-Executive Directors shall attend general meetings and develop a balanced understanding of the views of Shareholders. Two Independent Non-Executive Directors attended Annual General Meeting. The other Director was 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 2017, the Board has reviewed the diversity of the Board and considered the Board composition and diversity policy appropriate.

CHAIRMAN AND CHIEF EXECUTIVES

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

EXECUTIVE DIRECTORS

The executive Directors namely Mr. Zou Donghai, Mr. Rong Changiun, Mr. Zhang Xueming, Mr. Zheng Jian Peng and Mr. Ho Chun Kit Gregory are responsible on evaluating new potential business opportunities and investment opportunities and formulating and implementing business strategies to enhance the revenue growth of the Company. The management is responsible for implementing the business strategies formulated by the executive directors. There is no material relationship between board members and in particular between the chairman and the chief executive.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Eugenia Yang is an independent non-executive director of the Company. She 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 Articles of Association effected from 1 August 2013. Subsequently, the service agreement was automatically renewed for a period of 3 years subject to rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association effected from 2 August 2013.

Mr. Chan Ying Kay is an Independent non-executive director of the Company. He has entered into a service agreement with the Company for a period of 3 years subject to rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association effected from 29 July 2011.

Mr. Lau Sung Tat, Vincent is an independent non-executive director of the Company. He has entered into service agreement with the Company for a period of 3 years subject to rotation and re-election at the annual general meeting of the Company. In accordance with the Articles of Association effected from 31 October 2013. Subsequently the service agreement was automatically renewed for a period of 3 years subject to rotation and re-election and the annual general meeting of the Company in accordance with the Articles of Association effected from 1 November 2016.

Mr. Ng Ka Chung is an independent non-executive director of the Company. He has entered into a service agreement with the Company for a period of 3 years subject to rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association effected from 30 August 2013. He retired on 29 July 2016.

Corporate Governance Report

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 two Independent Non-Executive Directors, namely Mr. Lau Sung Tat, Vincent (Chairman) and Ms. Eugenia Yang.

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

During the year, the Remuneration Committee (i) reviewed the remuneration of the Executive Directors and senior management of the Company; (ii) approved performance-based remuneration with reference to the corporate goals and objective resolved by the Board and/or the senior management from time to time; and (iii) ensured that no Director or senior management or any of his/her associates was involved in deciding his/her own remuneration. Details of the emoluments for Directors, chief executive and five highest paid individuals, and senior management remuneration by band during the year are set out in note 13 to the consolidated financial statements.

Name	**Attended/ eligible to attend**
Mr. Lau Sung Tat, Vincent *(Chairman)*	1/1
Mr. Chan Lung Ming (resigned on 6 December 2016)	1/1
Ms. Eugenia Yang	1/1

NOMINATION COMMITTEE

The Company established a Nomination Committee on 27 April 2011 with written terms of reference. The Nomination Committee currently comprises two Independent Non-Executive Directors, namely Mr. Lau Sung Tat, Vincent and Ms. Eugenia Yang (Chairlady).

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 year, the Nomination Committee (i) reviewed the structure, size and composition (including the skills, knowledge and experience) of the Board; (ii) assessed the independence of the Independent Non-Executive Directors; (iii) made recommendation to the Board on the proposed re-election of the retiring Directors at the forthcoming annual general meeting; and (iv) reviewed the diversity of the Board's composition.

Name	Attended/ eligible to attend
Ms. Eugenia Yang *(Chairlady)*	1/1
Mr. Chan Lung Ming (Resigned on 6 December 2016)	1/1
Mr. Lau Sung Tat, Vincent	1/1

AUDIT COMMITTEE

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

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

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

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

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

During the year, the Audit Committee (i) review of the audit plan, terms of engagement, independence and qualification of the external auditor and the remuneration paid to the external auditor; (ii) review of the financial information of the Group including the annual and interim financial statements and related documents before submission to the Board for approval; (iii) review of the management letters and reports issued by the external auditor; (iv) review of accounting principles and practices adopted by the Group and the potential impacts of the change in accounting standards to the Group's financial statements; (v) review of the effectiveness of the risk management and internal control systems of the Group; and (vi) review of the internal audit reports prepared by the internal auditor in respect of the effectiveness of the financial, operational and compliance controls and risk management of the Group twice a year.

Name	**Attended/ eligible to attend**
Mr. Lau Sung Tat, Vincent *(Chairman)*	5/5
Ms. Eugenia Yang	5/5
Mr. Ng Ka Chung (retired on 29 July 2016)	2/5
Mr. Chan Ying Kay (appointed on 29 July 2016)	3/5

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for the preparation of accounts for each financial period which gives a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing these accounts for the Financial Year, the Directors have selected suitable accounting policies and applied them consistently; made judgments and estimates that are prudent and reasonable. As at 31 March 2017, the Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern, and accordingly prepared the accounts on the going concern basis. The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group.

EXTERNAL AUDITORS AND THEIR REMUNERATION

On 29 March 2017, Elite Partners CPA Limited ("Elite Partners") resigned as the external auditors of the Company and on the same day the Company engaged HLM CPA Limited ("HLM CPA") as the Group's new external auditors to conduct audit of the financial results of the Group for the year ended 31 March 2017 with the remuneration payable of approximately HK$900,000.

The statement of HLM CPA 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 year under review, the remuneration paid or payable to the Company's auditor HLM CPA Limited are all related to audit services.

INTERNAL CONTROL

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

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

RISK MANAGEMENT AND INTERNAL CONTROLS

Risk Management and Internal Control Systems

The Company's risk management and internal control systems are designed to manage and mitigate risks, rather than eliminate risks, of failure to achieve the business objectives of the Company, and can only provide reasonable and not absolute assurance against material misstatement or loss. We have employed a bottom-up approach for identification, assessment and mitigation of risk at all business unit levels and across functional areas.

Main Features of Risk Management and Internal Control Systems

The key elements of the Company's risk management and internal control systems include keeping track of and documentation of identified risks, the assessment and evaluation of risks, the development and continuous updating of responsive procedures, and the ongoing testing of internal control procedures to ensure their effectiveness.

An ongoing risk management approach is adopted by the Company for identifying and assessing the key inherent risks that affect the achievements of its objectives.

Process used to identify, evaluate and manage significant risks

During the process of risk assessment, the Board captures and identifies the key inherent risks that affect the achievements of its objectives by performing the followings:

- understanding organizational objectives and business processes
- determining the risk appetite and establishing the risk assessment criteria
- identifying the risks associated with achieving or not achieving the objectives and assessing the likelihood and potential impact of particular risks; and
- monitoring and evaluating the risks and the arrangements in place to address them

The Board reviews the effectiveness of the Risk management and Internal Control Systems by considering factors including but not limited to the followings:

- the changes since the last annual review in the nature and extent of significant risks, and the Group's ability to respond to changes in its business and the external environment.

- the scope and quality of managements' monitoring of risk and of the internal control system, and where applicable, the work of its internal audit function and other third party consultants.

- the extent and frequency of the communication of the results of the monitoring to the Board or the audit committee

- the incidence of significant control failings or weakness that has been identified at any time during the period and the extent to which they have resulted in unforeseen outcomes or contingencies that have a material impact on the Group's financial performance or condition; and

- the effectiveness of the Group's processes relating to financial reporting and Listing Rules Compliance given the Group's business and scale of operations and in order to adapt the most cost-effective method of conducting periodic revenues of the Group's internal controls, the Board has engaged on independent consultant Pan-China Enterprise Risk Management Consulting Limited ("Pan-China") to execute the internal control function. Pan-China has conducted an internal control review of the effectiveness of the Group's financial reporting procedures, systems and control for the period from 1 April 2016 to 31 March 2017 in accordance with the requirements under Code Provision C.2 of the Corporate Governance Code, according to the scope of review agreed and approved by the Audit Committee.

Pan-China responded to the Audit Committee and the Audit Committee was satisfied that there had been no major deficient noted in the areas if the Group's risk management and internal control systems being reviewed after implementation of the recommendations on the internal control defects reported by Pan-China. The Audit Committee reviews annually the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures and has access to information necessary to fulfil its duties and responsibilities with respect to risk assessment and risk management. Accordingly, the Audit Committee and the Board considered the risk management and internal control systems to be effective and have been implemented with adequate resources during the year.

In 2017, the Committee continued to implement and follow up on those suggestion and recommendation made by Pan-China as part of their 2016 comprehend review on the internal supervision and risk prevention measures.

Procedures and internal controls for the handling and dissemination of inside Information

The Board has already established a policy on the procedures and internal controls for the handling and dissemination of inside information. The policy stipulated the duty and responsibility of inside information announcement, restriction on sharing non-public information, handling of rumours, unintentional selective disclosure, exemption and waiver to the disclosure of inside information, and also compliance and reporting procedures. Every member of the senior management of the Company must take all reasonable measures to ensure that proper safeguards exist to prevent a breach of a disclosure requirement in relation to the Company from time to time. They must promptly bring any possible leakage or divulgence of inside information to the attention of the Chief Financial Officer, who will notify the Board accordingly for taking the appropriate action promptly. For any material violation of this policy, the Board will decide, or designate appropriate persons to decide, the course of actions for rectifying the problem and avoiding recurrence.

COMPANY SECRETARY

Dr. Zheng Jian Peng ("Dr. Zheng") was appointed as the Company Secretary on 31 October 2016. Dr. Zheng has adequate knowledge on the Company to discharge his duty as the Company Secretary. Dr. Zheng is also responsible for advising the Board on corporate governance matters. In compliance with Rule 5.15 of the GEM Listing Rules, Dr. Zheng confirmed that he has taken no less than 15 hours of relevant professional training during the Financial Year.

CONTINUOUS PROFESSIONAL DEVELOPMENT

The Group acknowledges the importance of adequate and ample continuing professional development for the Directors for a sound and effective internal control system and corporate governance. In this regard, the Group has always encouraged our Directors to attend relevant training courses to receive the latest news and knowledge regarding corporate governance.

During the Financial Year, the Company has encouraged all Directors to attend at least one training course on the updates of the GEM Listing Rules concerning good corporate governance practices. The Company will, if necessary, provide timely and regular trainings to the Directors to ensure that they are kept abreast with the latest requirements under the GEM Listing Rules. The Group has also adopted a policy to reimburse the Directors for any relevant training costs and expenses incurred concerning corporate governance and internal control.

CORPORATE GOVERNANCE FUNCTIONS

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

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

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

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

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

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

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

THE PROCEDURES BY WHICH ENQUIRES MAY BE PUT TO THE BOARD AND SUFFICIENT CONTACT DETAILS TO ENABLE THESE ENQUIRIES TO BE PROPERLY TREATED

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 Company Law (Revised) of Cayman Islands. However, Shareholders are welcomed to suggest proposals relating to the operations, strategy and/or management of the group to be discussed at shareholders' meeting. Proposal shall be sent to the Board by written requisition.

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.

恒健會計師行有限公司
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Certified Public Accountants

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

OPINION

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 73 to 147, which comprise the consolidated statement of financial position as at 31 March 2017, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirement of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the reporting period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment assessment of goodwill

Key Audit Matter	How our audit addressed the Key Audit Matter
As at 31 March 2017, the Group's carrying amount of goodwill was allocated to cash generating unit for segment of digital application business ("CGU for digital application"). As discussed in note 18, the management had made an assessment of the recoverable amount of CGU for digital application with reference to a valuation performed by an independent external valuer conducted at the end of the reporting period and concluded that impairment loss on goodwill of approximately HK$59,741,000 is required. This assessment of the recoverable amount involved significant management's judgement on the key assumptions used in cash flow projections prepared based on financial forecasts covering a five-year period, and significant estimates with respect to future revenue growth, discount rate and the other relevant factors.	Our audit procedures in relation to the management's impairment assessment of goodwill included: – Evaluating the competence, capabilities, independence and objectivity of the valuer; – Evaluating the assumptions and methodologies used by the management in compiling the profit and cash flow projections, in particular those relating to the sales growth rate and pre-tax discount rate; – Assessing and challenging the cash flow projections prepared by the management; – Assessing the sensitivity of the forecasts to changes in assumptions, including sales growth beyond the 2017 detailed forecast, long-term growth rates and discount rates in the model to assess the appropriateness of the carrying amount of the goodwill; and – Testing the mathematical accuracy of the underlying value in use calculations. We found the key assumptions made by the management in relation to the value in use calculations to be reasonable based on available evidence.

Impairment assessment of intangible assets

Key Audit Matter

As disclosed in note 19 to the consolidated financial statements, the Group has intangible assets with the carrying amount of approximately HK$14,519,000 as at 31 March 2017.

The intangible assets relates to value attributed to contractual right identified in the acquisition of subsidiaries. It is stated at amortised cost and management reviews the carrying amount for impairment at the end of each reporting period.

As discussed in note 19, the management had made an assessment of the recoverable amount of intangible assets with reference to a valuation performed by an independent external valuer conducted at the end of the reporting period and concluded that no impairment loss on intangible assets is required. This assessment was based on a value in use model calculations that required significant management judgement with respect to the discount rate and the underlying cash flows, in particular sales growth rate and pre-tax discount rate.

How our audit addressed the Key Audit Matter

Our audit procedures in relation to management's impairment assessment on intangible assets included:

– Evaluating the assumptions and methodologies used by the management, in particular those relating to the sales growth rate and pre-tax discount rate;

– Assessing and challenging the cash flow projections prepared by the management; and

– Testing the mathematical accuracy of the underlying value in use calculations.

We found that the key assumptions made by the management in relation to the value in use calculations to be reasonable based on available evidence.

Impairment assessment of refundable deposits for acquisition of subsidiaries

Key Audit Matter	How our audit addressed the Key Audit Matter
As disclosed in note 20 and 22 to the consolidated financial statements, we have identified the recoverability of the refundable deposits for acquisition of subsidiaries as a key audit matter because of its significance to the consolidated financial statements. The impairment assessment of refundable deposits for acquisition of subsidiaries require significant judgements made by the management in respect of the reputation and creditworthiness of the counterparty, and its ability to repay the deposits.	Our audit procedures in relation to the impairment assessment of refundable deposits for acquisition of subsidiaries included: – Obtaining and reviewing the relevant acquisition agreements and memorandum of understanding in relation to proposed acquisitions and agreeing to the principal amount, expiry dates and other information to the Group's accounting record; – Assessing the ability of the counterparties to repay the deposits upon the termination of proposed acquisitions; – Testing the subsequent settlements of refundable deposits for acquisition of subsidiaries; and – Obtaining the direct confirmation of the balances of such refundable deposits for acquisition of subsidiaries. We found that the estimation and judgement made by management in respect of the recoverability of trade receivables were supportable by the credible evidence.

Impairment assessment of trade receivables

Key Audit Matter	How our audit addressed the Key Audit Matter
We identified the impairment assessment of trade receivables as a key audit matter due to the use of judgement and estimates in assessing the recoverability of trade receivables. In determining the allowance for trade receivables, the management considers the credit history of the trade debtors, including default or delay in payments, settlement records, subsequent settlements and aging analysis of trade receivables. As at 31 March 2017, the carrying amount of trade receivables is HK$8,743,000, net of allowance for doubtful debts of HK$10,215,000.	Our audit procedures in relation to valuation on trade receivables included: – Testing the operating effectiveness of controls in determining the provision for bad and doubtful debts; – Understanding how allowance for doubtful debts is estimated by the management and assessing the reasonableness of the methodology and assumptions used; – Reviewing the aging analysis of trade receivables throughout the year to understand the settlement patterns of the customers; – Testing the subsequent settlement of trade receivables; and – Confirming the existence and assessing the valuation of significant trade receivables as at year end. We found that the estimation and judgement made by management in respect of the recoverability of trade receivables were supportable by the credible evidence.

Valuation of inventories

Key Audit Matter	How our audit addressed the Key Audit Matter
We identified the valuation of inventories as a key audit matter due to significance of the balance to the consolidated financial statements. There is the significant degree of judgement by the management in determining the net realisable value ("NRV"). As disclosed in note 4 to the consolidated financial statements, NRV represents the latest selling prices for inventories less estimated costs of completion and costs necessary to make the sale. As disclosed in note 4 to the consolidated financial statements, the management's estimation of the NRV was primarily based on the latest selling prices and current market conditions. As at 31 March 2017, the carrying amount of inventories is HK$30,448,000. The management carried out the inventories review at the end of the reporting period and made allowance of HK$6,829,000 on obsolete and slow moving items to write down inventories to their NRVs at 31 March 2017.	Our audit procedures in relation to assessing the appropriateness of the carrying amount of the inventories included: – Testing the operating effectiveness of controls associated with the existence and conditions of inventories; – Reviewing how the management estimation of the NRVs of inventories and evaluating the historical accuracy of the allowance estimations by management; – Discussing with the management and assessing the bases of the management's estimation of subsequent selling price, costs to completion and costs necessary to make the sales; – Reviewing a list of obsolete and slow moving inventories and assessing the allowance made on obsolete and slow moving items; and – Verifying the value of a sample of inventories to confirm that the inventories were held at the lower of cost and NRV. Based on our procedures described, we found the estimations of management in relation to valuation of inventories were supportable by available evidence.

Impairment assessment of loan receivables

Key Audit Matter	How our audit addressed the Key Audit Matter
We have identified that recoverability of the loan receivables as a key audit matter because of its significance to the consolidated financial statements. The impairment assessment of loan receivables require significant judgments made by the management in respect of the creditworthiness of the counterparty, and its ability to prepay the loans.	Our audit procedures in relation to the impairment assessment of loan receivables included: – Evaluating the design and implementation of controls applied by the management in determining the provision for doubtful debts; – Reviewing the payment history and financial information pertaining to the debtors; – Obtaining and reviewing the relevant loan agreement, and agreeing to the principal amount, expiry date and other information to the Group's accounting record; – Obtaining direct confirmation of the balances of loan receivables; and – Testing the subsequent settlement of loan receivables. Based on available evidence, we found that the judgement and assessment made by management in respect of impairment of such loan receivables were supportable.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the content of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit concluded in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

– Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

– Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

– Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

– Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

– Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

– Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 March 2016 were audited by the previous auditors of the Group who expressed an unmodified opinion on those statements on 17 June 2016.

HLM CPA Limited
Certified Public Accountants

Chan Lap Chi
Practising Certificate Number: P04084
Hong Kong, 30 June 2017

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2017

	NOTES	2017 HK$'000	2016 HK$'000
Revenue	7	**331,804**	194,790
Cost of sales		**(304,726)**	(175,033)
Gross profit		**27,078**	19,757
Other income and gain or (loss)	8	**(109,090)**	(14,495)
Selling expenses		**(10,896)**	(8,543)
Administrative expenses		**(70,605)**	(109,725)
Loss from operations		**(163,513)**	(113,006)
Gain on disposal of subsidiaries		**–**	2,113
Finance costs	10	**(10,412)**	(10,786)
Loss before tax		**(173,925)**	(121,679)
Income tax credit	11	**3,596**	9,514
Loss for the year		**(170,329)**	(112,165)
Other comprehensive income (expenses)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**(5,486)**	(4,749)
Net gain (loss) arising on revaluation of available-for-sale investments		**859**	(1,457)
Other comprehensive expenses for the year, net of tax		**(4,627)**	(6,206)
Total comprehensive expenses for the year		**(174,956)**	(118,371)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2017

	NOTE	2017 HK$'000	2016 HK$'000
Loss for the year attributable to:			
Owners of the Company		**(166,789)**	(109,552)
Non-controlling interests		**(3,540)**	(2,613)
		(170,329)	(112,165)
Total comprehensive expenses for the year attributable to:			
Owners of the Company		**(169,916)**	(115,752)
Non-controlling interests		**(5,040)**	(2,619)
		(174,956)	(118,371)
Loss per share	*14*		
Basic (HK cents)		**(3.25)**	(2.32)
Diluted (HK cents)		**(3.25)**	(2.32)

Consolidated Statement of Financial Position

At 31 March 2017

	NOTES	2017 HK$'000	2016 HK$'000
Non-current assets			
Property, plant and equipment	16	**21,889**	22,522
Available-for-sale investments	17	**3,277**	2,418
Goodwill	18	**21,372**	81,113
Intangible assets	19	**14,519**	30,300
Deposits paid for acquisition of subsidiaries	20	**–**	32,500
		61,057	168,853
Current assets			
Inventories	21	**30,448**	22,451
Trade and other receivables	22	**143,988**	152,234
Loan receivables	23	**–**	9,600
Amounts due from a director	24	**12,570**	12,570
Contingent consideration receivables	25	**–**	22,000
Bank balances and cash	26	**45,129**	38,169
		232,135	257,024
Current liabilities			
Trade and other payables	27	**105,811**	75,852
Obligations under a finance lease	28	**1,204**	1,247
Amounts due to a director	29	**3,200**	–
Amounts due to a related party	29	**3,387**	9,433
Promissory notes	30	**31,775**	–
Borrowings		**–**	12,089
Tax payables		**6,303**	6,037
		151,680	104,658
Net current assets		**80,455**	152,366
Total assets less current liabilities		**141,512**	321,219

Consolidated Statement of Financial Position

At 31 March 2017

	NOTES	2017 HK$'000	2016 HK$'000
Non-current liabilities			
Obligations under a finance lease	28	–	1,204
Promissory notes	30	**66,214**	95,468
Deferred tax liabilities	31	**4,603**	8,549
		70,817	105,221
NET ASSETS		**70,695**	215,998
Capital and reserves			
Share capital	32	**1,057**	1,005
Reserves		**80,310**	220,625
Equity attributable to owners of the Company		**81,367**	221,630
Non-controlling interests		**(10,672)**	(5,632)
TOTAL EQUITY		**70,695**	215,998

The consolidated financial statements on pages 73 to 147 were approved and authorised for issue by the Board of Directors on 30 June 2017 and are signed on its behalf by:

Zou Donghai
Chairman and Executive Director

Ho Chun Kit Gregory
Executive Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2017

	Share capital HK$'000	Share premium HK$'000	Statutory reserve HK$'000	Available-for-sale investment revaluation reserve HK$'000	Foreign currency translation reserve HK$'000	Share-based capital reserve HK$'000	Convertible bonds equity reserve HK$'000	Accumulated losses HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2015	877	295,300	3,382	–	284	82,157	126,621	(243,165)	265,456	(3,013)	262,443
Total comprehensive expenses for the year	–	–	–	(1,457)	(4,743)	–	–	(109,552)	(115,752)	(2,619)	(118,371)
Placement of shares	24	24,420	–	–	–	–	–	–	24,444	–	24,444
Exercise of share options	56	81,496	–	–	–	(30,107)	–	–	51,445	–	51,445
Issue of new shares upon conversion of convertible bonds	48	122,610	–	–	–	–	(126,621)	–	(3,963)	–	(3,963)
Transfers	–	–	240	–	–	–	–	(240)	–	–	–
At 31 March 2016 and 1 April 2016	**1,005**	**523,826**	**3,622**	**(1,457)**	**(4,459)**	**52,050**	**–**	**(352,957)**	**221,630**	**(5,632)**	**215,998**
Total comprehensive income (expenses) for the year	–	–	–	859	(3,986)	–	–	(166,789)	(169,916)	(5,040)	(174,956)
Placement of shares	45	23,823	–	–	–	–	–	–	23,868	–	23,868
Share issue expenses	–	(901)	–	–	–	–	–	–	(901)	–	(901)
Exercise of share options	7	10,589	–	–	–	(3,910)	–	–	6,686	–	6,686
Share options lapsed	–	–	–	–	–	(6,710)	–	6,710	–	–	–
Transfers	–	–	122	–	–	–	–	(122)	–	–	–
At 31 March 2017	**1,057**	**557,337**	**3,744**	**(598)**	**(8,445)**	**41,430**	**–**	**(513,158)**	**81,367**	**(10,672)**	**70,695**

Consolidated Statement of Cash Flows

For the year ended 31 March 2017

	NOTES	2017 HK$'000	2016 HK$'000
Operating activities			
Loss before tax		**(173,925)**	(121,679)
Adjustments for:			
Depreciation of property, plant and equipment	16	**4,118**	10,060
Amortisation of intangible assets	19	**15,781**	23,528
Gain on disposal of property, plant and equipment		**(10)**	(2,998)
Gain on disposal of subsidiaries		**–**	(2,113)
Reversal of provision for doubtful debts on trade receivables		**(2,738)**	(4,217)
Obsolete inventories written off		**6,829**	6,718
Written off of other receivables		**545**	–
Impairment loss on intangible assets	19	**–**	14,797
Impairment loss on goodwill	18	**59,741**	10,377
Impairment loss on property, plant and equipment		**–**	1,945
Provision for loan receivables	23	**9,600**	–
Provision for deposit for acquisition of a subsidiary	22	**22,900**	–
Provision for contingent consideration receivables	25	**22,000**	–
Provision for doubtful debts on trade receivables		**10,215**	2,738
Imputed interest income arising from issuance of promissory notes		**–**	(1,134)
Gain on early redemption of promissory notes		**–**	(296)
Finance costs		**10,412**	10,438
Interest income		**(56)**	(150)
Operating cash flows before movements in working capital		**(14,588)**	(51,986)
Increase in inventories		**(14,826)**	(20,885)
Decrease (increase) in trade and other receivables		**9,324**	(78,885)
Increase in trade and other payables		**28,629**	50,054
Increase in amounts due from a director		**–**	(13,152)
Increase in amounts due to a shareholder		**–**	(5,065)
(Decrease) increase in amounts due to a related party		**(6,046)**	9,433
Increase in amounts due to a director		**3,200**	–
Cash generated from (used in) operations		**5,693**	(110,486)
Income tax paid		**–**	(43)
Interest paid		**(6,561)**	(13,697)
Net cash used in operating activities		**(868)**	(124,226)

Consolidated Statement of Cash Flows

For the year ended 31 March 2017

	NOTES	2017 HK$'000	2016 HK$'000
Investing activities			
Net cash inflow from disposal of subsidiaries		–	1,478
Purchase of property, plant and equipment	16	**(3,662)**	(12,703)
Proceeds from disposals of property, plant and equipment		**35**	3,822
Deposit refunded (paid) for acquisition of a subsidiary	20	**500**	(500)
Purchase of available-for-sale investments		–	(3,875)
Interest received		**56**	150
Net cash inflow from contingent consideration receivables		–	20,000
Increase in loan receivables		–	(9,600)
Net cash used in investing activities		**(3,071)**	(1,228)
Financing activities			
Proceeds from borrowings		–	9,980
Repayments of borrowings		**(12,089)**	(255)
Net proceeds from issue of shares		**22,967**	24,444
Net cash inflow from exercise of share options		**6,686**	51,445
Proceeds from issue of promissory notes		–	21,000
Repayment of promissory notes		–	(39,130)
Repayment of obligations under a finance lease		**(1,247)**	(1,181)
Net cash generated from financing activities		**16,317**	66,303
Net increase (decrease) in cash and cash equivalents		**12,378**	(59,151)
Effect of foreign exchange rate changes		**(5,418)**	(2,715)
Cash and cash equivalents at beginning of the year		**38,169**	100,035
Cash and cash equivalents at end of the year		**45,129**	38,169
Analysis of cash and cash equivalents			
Bank balances and cash	26	**45,129**	38,169

Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

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 consolidated financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company.

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 38 to these consolidated financial statements.

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

Application of new and revised HKFRSs

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

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

The application of the above amendments to 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. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[2]
HKFRS 16	Leases[3]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[2]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKAS 7	Disclosure Initiative[1]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[1]
Amendments to HKAS 40	Investment Property[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014-2016 Cycle[5]
HK(IFRIC) Interpretation 22	Foreign Currency Transactions and Advance Consideration[2]

1 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted

2 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

3 Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.

4 The original effective date has been deferred to a date yet to be determined.

5 Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018.

HKFRS 9 "Financial Instruments"

The new standard addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

The Group has yet to undertake a detailed assessment of the classification and measurement of financial assets. The Group does not expect the new guidance to have significant impact on the classification and measurement of its financial assets.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 "Financial Instruments: Recognition and Measurement" and have not been changed.

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

New and revised HKFRSs issued but not yet effective (Continued)

HKFRS 9 "Financial Instruments" *(Continued)*

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

HKFRS 9 must be applied for financial years commencing on or after 1 January 2018. Based on the transitional provisions in the completed HKFRS 9, early adoption in phases was only permitted for annual reporting periods before 1 February 2015. After that date, the new rules must be adopted in their entirety. The Group does not intend to adopted HKFRS 9 before its mandatory date.

HKFRS 15 "Revenue from contracts with customers"

The HKICPA has issued a new standard for the recognition of revenue. This will replace HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

Management is currently assessing the effects of applying the new standard on the Group's consolidated financial statements, At this stage, the Group is not able to estimate the impact of the new rules on the Group's consolidated financial statements. The Group will make more detailed assessments of the impact over the next twelve months.

HKFRS 15 is mandatory for financial years commencing on or after 1 January 2018. At this stage, the Group does not intend to adopt the standard before its effective date.

HKFRS 16 "Leases"

HKFRS 16 will result in almost all leases being recognised on the consolidated statement of financial position, as the distinction between operating and finance lease is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The new standard is mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

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

3. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with all applicable HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") and by the Hong Kong Companies Ordinance.

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The principal accounting policies set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Investment in subsidiaries

Investment in subsidiaries presented in the statement of financial position included in note 38 to the consolidated financial statements are stated at cost less identified impairment loss.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors who make strategic decisions.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not greater than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired. For goodwill arising on acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units). Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from the sales of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

– the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;

– the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

– the amount of revenue can be measured reliably;

– it is probable that the economic benefits associated with the transaction will flow to the Group; and

– the cost incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

– exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

– exchange differences on transactions entered into in order to hedge certain foreign currency risks; and

– exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of foreign currency translation reserve.

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The principal annual rates used for this purpose 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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment (Continued)

Assets under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is 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 the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination 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 straight-line basis over their estimated useful lives.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible assets, measured as the difference between the net disposal proceeds and the carrying amounts of the assets, are reocgnised in profit and loss in the period when the asset is derecognised.

Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairments loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual assets, the Group estimates the recoverable amount of the cash-generating unit to which the assets belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating unit, or otherwise they are allocated to the smallest group of cash-generating unit for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whatever there is an indication that the asset may be impaired.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of tangible and intangible assets other than goodwill (Continued)

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 for which the estimates of future cash flows have not been adjusted.

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.

Leasing

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.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating lease, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Retirement benefit costs

Payments to defined contribution retirement plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Pension schemes and other retirement benefits

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contribution are made based on percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administrated fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme, in accordance with the rules of the MPF Scheme.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Share-based payments

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

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

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to accumulated losses.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "loss before tax" as reported in the consolidated statement of profit or loss because of income or expense that are taxable or deductible in other years and 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 temporary differences between the carrying amounts of assets and liabilities in the consolidated 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. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, 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. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to 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 assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets 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.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Cash and cash equivalents

For the purpose of the consolidated 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.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into the following specified categories: (i) available-for-sale ("AFS") financial assets and (ii) loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

***Financial assets** (Continued)*

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

AFS financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL. The Group designated certain items as AFS financial assets on initial recognition of those items.

Equity securities held by the Group that are classified as AFS financial assets and are traded in an active market are measured at fair value at the end of each reporting period. Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established. Changes in the carrying amount of AFS financial assets are recognised in other comprehensive income and accumulated under the heading of AFS investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss (See the accounting policy in respect of impairment loss of financial assets below).

Loans and receivables

Loans and receivables ae non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including financial assets included in trade and other receivables, loan receivables, amounts due from a director, contingent consideration receivable and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment loss of financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

***Financial assets** (Continued)*

Impairment of financial assets (Continued)

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade and other receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When other receivables are considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

***Financial assets** (Continued)*

Impairment of financial assets (Continued)

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of AFS investment revaluation reserve.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Promissory notes

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

Convertible bonds

The component parts of convertible bonds issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

***Financial liabilities and equity instruments** (Continued)*

Convertible bonds (Continued)

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar-non convertible instruments. The amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion opinion classified as equity is determined by deducting the amount of liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share premium account. When the conversion option remains unexercised at the maturity date of the convertible bonds, the balance recognised in equity will be transferred to accumulated losses. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and amortised over the period of the convertible bonds using the effective interest method.

Other financial liabilities

The Group's other financial liabilities (including financial liabilities included in trade and other payables, obligation under a finance lease, amounts due to a director, amounts due to a related party, promissory notes and borrowings) are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Related parties

A related party is a person or an 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 Group or the Company's parent.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties (Continued)

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

(i) the entity and the Group 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 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.

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

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

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

Close member of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity include:

(i) the person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

Useful lives of property, plant and equipment

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.

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 the end of each reporting period.

Key sources of estimation uncertainty

The following are 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.

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Impairment of goodwill

The Group determined whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which the goodwill is allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at 31 March 2017 was approximately HK$21,372,000 (2016: approximately HK$81,113,000). Further details are given in note 18 to the consolidated financial statements.

Impairment allowance for trade and other receivables

The Group makes impairment allowance for trade and other receivables based on an assessment of the recoverability of trade and other receivables. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful debts requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying values of trade and other receivables and impairment allowance for trade and other receivables in the year in which such estimate has been changed.

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 sales, 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 total net cash flow, including estimates based on reasonable and supportable assumptions and projections of revenue and operating costs. Had the actual results been different from the management's estimate, such difference will impact the carrying value of intangible assets in the year in which such determination is made.

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.

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

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.

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The management of the Group reviews the capital structure periodically. The Group considers the cost of capital and the risk associated with the capital, and will balance its overall capital structure through payment of dividends, issuance of new shares and share buy-backs as well as the raising of new debts, if required.

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

	2017 **HK$'000**	2016 HK$'000
Total debts	**127,193**	136,524
Less: Bank balances and cash	**(45,129)**	(38,169)
Net debt	**82,064**	98,355
Total equity	**70,695**	215,998
Total capital	**152,759**	314,353
Gearing ratio	**53.7%**	31.3%

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2017 HK$'000	2016 HK$'000
Financial assets:		
Available-for-sale investments	**3,277**	2,418
Contingent consideration receivables	**–**	22,000
Loans and receivables (including bank balances and cash)	**158,557**	197,573
Financial liabilities:		
Financial liabilities at amortised cost	**207,233**	195,294

(b) Financial risk management objective and policies

The Group's principal financial instruments comprise AFS investments, financial assets included in trade and other receivables, loan receivables, amounts due from a director, contingent consideration receivables, bank balances and cash, trade and other payables, obligations under a finance lease, amounts due to a director, amounts due to a related party, promissory notes and borrowings. The main purpose of these financial instruments is to raise finance for the Group's operations.

The main risk arising from the Group's financial instruments are interest rate risk, liquidity risk, credit risk, price risk and foreign currency risk. The board of directors reviews and agrees policies for these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing bank deposits.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 100 basis points (2016: 100 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If the interest rates had been 100 basis points (2016: 100 basis points) higher/lower and all other variables were held constant, the Group's loss for the year ended 31 March 2017 would decrease/increase by approximately HK$451,000 (2016: HK$382,000). This is mainly attributable to the Group's exposure to interest rates on its interest-bearing bank deposits.

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objective and policies (Continued)

Liquidity risk

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

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

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

	Less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Over 5 years HK$'000	Undiscounted cash flow HK$'000	Carrying amounts HK$'000
At 31 March 2017						
Financial liabilities included in trade and other payables	**101,453**	**–**	**–**	**–**	**101,453**	**101,453**
Promissory notes	**38,504**	**4,980**	**72,016**	**10,800**	**126,300**	**97,989**
Obligation under a finance lease	**1,238**	**–**	**–**	**–**	**1,238**	**1,204**
Amounts due to a director	**3,200**	**–**	**–**	**–**	**3,200**	**3,200**
Amounts due to a related party	**3,387**	**–**	**–**	**–**	**3,387**	**3,387**
	147,782	**4,980**	**72,016**	**10,800**	**235,578**	**207,233**
At 31 March 2016						
Financial liabilities included in trade and other payables	75,852	–	–	–	75,852	75,852
Promissory notes	7,094	38,504	76,196	11,600	133,394	95,468
Obligation under a finance lease	1,350	1,350	–	–	2,700	2,451
Amounts due to a related party	9,433	–	–	–	9,433	9,433
Borrowings	12,089	–	–	–	12,089	12,089
	105,818	39,854	76,196	11,600	233,468	195,293

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objective and policies (Continued)

Credit risk

The Group trades only with recognised and creditworthy third parties. It tis the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

The credit risk of the Group's other financial assets, which comprise other receivables, cash and cash equivalents, loan receivables, amounts due from a director and contingent consideration receivables, arises from default of the counterparty, with maximum exposure equial to the carrying amounts of theses instruments.

As at 31 March 2017, approximately 81% (2016: 64%) of the Group's trade receivables were due from the five largest customers which were within power and data cords business segment during the years ended 31 March 2017 and 2016. The Group has policies and procedures to monitor the collection of the trade receivables to limit the exposure to non-recoverable of the receivables. There was no history of default for the Group's five largest customers.

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

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

Price risk

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

At 31 March 2017, if equity prices had increased/decreased by 10% and all other variables were held constant, the Group's investment revaluation reserve (i.e. equity) would increase/decrease by approximately HK$328,000 (2016: HK$242,000) as a result of the changes in fair value of listed equity investments included in the Group's available-for-sale investments.

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objective and policies (Continued)

Foreign currency risk

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

The directors consider that foreign currency risk of the Company for the years ended 31 March 2017 and 2016 are insignificant and therefore no sensitivity analysis is presented thereon.

(c) Fair value measurements of financial instruments

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:

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.

Disclosures of level in fair value hierarchy

	2017 **HK$'000**	2016 HK$'000
Recurring fair value measurement:		
Available-for-sale investments – Level 1	**3,277**	2,418

The Group did not have any financial liabilities measured at fair value as at 31 March 2017.

During the year, there were no transfers of fair value measurement between Level 1 and Level 2 and no transfers into or out of Level 3.

The carrying amounts of the Group's financial instruments carried at cost or amortised are not materially different from their fair values as at 31 March 2017 and 2016.

7. REVENUE

The Group's revenue represented the following:

	2017 **HK$'000**	2016 HK$'000
Sales of refined oil and chemicals	**263,299**	124,788
Sales of power and data cords and inlet sockets	**68,505**	70,002
	331,804	194,790

8. OTHER INCOME AND GAIN OR (LOSS)

	2017 **HK$'000**	2016 HK$'000
Interest income	**56**	206
Imputed interest income arising from issuance of promissory notes	**–**	1,134
Net foreign exchange gains	**1,643**	3,419
Gain on disposal of property, plant and equipment	**10**	2,998
Reversal of provision for doubtful debts on trade receivables	**2,738**	4,217
Gain on early redemption of promissory notes	**–**	296
Impairment loss on property, plant and equipment	**–**	(1,945)
Impairment loss on goodwill	**(59,741)**	(10,377)
Impairment loss on intangible assets	**–**	(14,796)
Provision for deposit for acquisition of a subsidiary	**(22,900)**	–
Provision for loan receivables	**(9,600)**	–
Provision for contingent consideration receivables	**(22,000)**	–
Sundry income	**704**	353
	(109,090)	(14,495)

9. SEGMENT INFORMATION

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

9. SEGMENT INFORMATION (Continued)

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

1. Trading of refined oil and chemicals	–	engaged in trading of refined oil and chemicals.
2. Digital application business	–	engaged in activities relating to the provision of programming services, web services, mobile marketing solutions and development of mobile phone games.
3. Power and data cords business	–	engaged in sales and manufacture of power cords and inlet sockets for household electric appliances and power and data cords for mobile handsets and medical control devices and raw cables.

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

The accounting policies of the operating segments are the same as those described in note 3 to the consolidated 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 and gain or loss

– Corporate expenses

– Gain on disposal of subsidiaries

– Finance costs

Segment assets do not include the following items:

– Available-for-sale financial assets

– Other corporate assets

9. SEGMENT INFORMATION (Continued)

Segment liabilities do not include the following items:

- Promissory notes
- Borrowings
- Obligation under finance leases
- Other corporate liabilities

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

	Trading of refined oil and chemicals HK$'000	Digital application business HK$'000	Power and data cords business HK$'000	Total HK$'000
Year ended 31 March 2017				
Revenue from external customers	263,299	–	68,505	331,804
Segment (loss)/profit	(4,868)	(153,478)	307	(158,039)
Interest income	50	–	6	56
Interest expenses	121	–	557	678
Depreciation and amortisation	1,396	15,838	2,284	19,518
Other material item of income and expense: Income tax (credit)/debit	–	(3,945)	349	(3,596)
Other material non-cash item: Impairment loss on goodwill	–	59,741	–	59,741
Provision for contingent consideration receivables	–	22,000	–	22,000
Additions to segment non-current assets	57	–	3,543	3,600
At 31 March 2017				
Segment assets	115,517	35,933	89,810	241,260
Segment liabilities	40,939	11,923	41,867	94,729

9. SEGMENT INFORMATION (Continued)

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

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

9. SEGMENT INFORMATION (Continued)

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

	2017 HK$'000	2016 HK$'000
Revenue		
Total Revenue of reportable segments	**331,804**	194,790
Profit or (loss)		
Total loss of reportable segments	**(158,039)**	(32,720)
Other income and gain or (loss)	**(99,490)**	(14,495)
Corporate expenses	**97,612**	(56,278)
Gain on disposal of subsidiaries	**–**	2,114
Finance costs	**(10,412)**	(10,786)
Consolidated loss for the year	**(170,329)**	(112,165)
Assets		
Total assets of reportable segments	**241,260**	342,700
Available-for-sale investments	**3,277**	2,418
Other corporate assets	**48,655**	80,759
Consolidated total assets	**293,192**	425,877
Liabilities		
Total liabilities of reportable segments	**94,729**	94,043
Promissory notes	**97,989**	95,468
Borrowings	**–**	12,089
Other corporate liabilities	**28,575**	5,828
Obligations under a finance lease	**1,204**	2,451
Consolidated total liabilities	**222,497**	209,879

9. SEGMENT INFORMATION (Continued)

Geographical information:

	Revenue		Non-current assets*	
	2017 HK$'000	2016 HK$'000	**2017 HK$'000**	2016 HK$'000
Hong Kong	**6,532**	1,630	**42,064**	152,770
PRC	**299,189**	163,551	**15,716**	13,665
Taiwan	**2,719**	6,325	**–**	–
United States	**22,259**	21,858	**–**	–
Other countries	**1,105**	1,426	**–**	–
Total	**331,804**	194,790	**57,780**	166,435

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

* Non-current assets excluded AFS investments and deposits paid for acquisition of subsidiaries

Revenue from major customers:

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

	Segment	**2017 HK$'000**	2016 HK$'000
Customer A	Trading of refined oil and chemicals	**181,259**	68,579
Customer B	Power and data cords business	**21,827***	23,796
Customer C	Power and data cords business	**22,259***	21,752

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

10. FINANCE COSTS

	2017	2016
	HK$'000	HK$'000
Interest on bank borrowings	**465**	172
Interest on trust receipt loans	**91**	113
Interest on a finance lease	**121**	176
Effective interest expenses on convertible bonds wholly repayable within five years	**–**	533
Effective interest expenses on promissory notes		
– wholly repayable within five years	**3,020**	4,830
– not wholly repayable within five years	**6,715**	4,962
	10,412	10,786

11. INCOME TAX CREDIT

	2017	2016
	HK$'000	HK$'000
Current tax – Hong Kong Profits Tax		
Provision for the year	**–**	–
Current tax – PRC Enterprise Income Tax		
Provision for the year	**349**	67
Deferred taxation *(Note 31)*	**(3,945)**	(9,581)
	(3,596)	(9,514)

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits for the year (2016: 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 CREDIT (Continued)

Pursuant to the Enterprise Income Tax rules and regulations of the PRC, the PRC subsidiaries of the Group are subject to Enterprise Income Tax at a rate of 25% (2016: 25%), except for Sun Fair Electric Wire & Cable (Shenzhen) Company Limited ("Sun Fair SZ") is entitled to a preferential tax rate of 15% for being a high technology enterprise.

Tax credit for the year can be reconciled to the loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2017 **HK$'000**	2016 HK$'000
Loss before tax	**(173,925)**	(121,679)
Tax at the income tax rate	**(28,698)**	(20,352)
Tax effect of income that is not taxable	**(1,288)**	(2,800)
Tax effect of expenses that are not deductible	**25,015**	11,636
Tax effect of tax losses not recognised	**1,375**	2,002
Tax credit for the year	**(3,596)**	(9,514)

12. LOSS FOR THE YEAR

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

	2017 HK$'000	2016 HK$'000
Auditors' remuneration	**900**	770
Cost of inventories sold	**290,116**	153,811
Operating lease payments		
– Office and staff quarters	**4,852**	8,243
– Vessels	**3,651**	3,050
Amortisation of intangible assets	**15,781**	23,528
Depreciation of property, plant and equipment	**4,118**	10,060
Obsolete inventories written off	**6,829**	6,718
Provision for doubtful debts on trade receivables	**10,215**	2,738
Written off of other receivables	**545**	–
Net foreign exchange gains	**(1,643)**	(3,419)
Gain on disposal of property, plant and equipment	**(10)**	(2,998)
Gain on disposal of subsidiaries	**–**	(2,113)
Reversal of provision for doubtful debts on trade receivables	**(2,738)**	(4,217)
Impairment loss on intangible assets	**–**	14,797
Impairment loss on goodwill	**59,741**	10,377
Impairment loss on property, plant and equipment	**–**	1,945
Provision for loan receivables	**9,600**	–
Provision for deposit for acquisition of a subsidiary	**22,900**	–
Provision for contingent consideration receivables	**22,000**	–
Gain on early redemption of promissory notes	**–**	(296)
Staff costs including directors' emoluments		
Salaries, bonuses and allowances	**20,563**	33,691
Retirement benefits scheme contributions	**456**	609
	21,019	34,300

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments

Directors' remuneration for the year, disclosed pursuant to applicable Listing Rules and the disclosure requirements of the Hong Kong Companies Ordinance, is as follows:

	Fees HK$'000	Salaries and other benefits HK$'000	Discretionary bonuses HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
Year ended 31 March 2017					
Executive Directors:					
Ho Chun Kit, Gregory	–	960	–	18	978
Zou Donghai	–	1,800	–	–	1,800
Chan Lung Ming (Note a)	–	50	–	2	52
Zhang Xueming	–	600	–	–	600
Rong Changjun	–	1,200	–	–	1,200
Zheng Jian Peng	–	960	–	18	978
	–	5,570	–	38	5,608
Independent Non-Executive Directors:					
Eugenia Yang	120	–	–	–	120
Ng Ka Chung (Note b)	30	–	–	–	30
Lau Sung Tat, Vincent	120	–	–	–	120
Chan Ying Kay, Keith (Note c)	90	–	–	–	90
	360	–	–	–	360
	360	5,570	–	38	5,968

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

(a) Directors' emoluments (Continued)

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

Notes:

(a) Resigned on 6 December 2016.

(b) Retired on 29 July 2016.

(c) Appointed on 29 July 2016.

(d) Resigned on 30 April 2015.

The executive directors' emoluments shown above include their services in connection with the management of the affairs of the Company and the Group.

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

(a) Directors' emoluments (Continued)

The non-executive directors' and independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

There was no arrangement under which a Director waived or agreed to waive any emoluments during the year (2016: Nil).

During the years ended 31 March 2017, no emoluments were paid by the Group to any of the directors as inducement to join or upon joining the Group or as compensation for loss of office (2016: Nil).

During the year, no retirement benefits, payment or benefits in respect of termination of directors' services were paid or made, directly or indirectly, to the directors, nor any are payable (2016: Nil). No consideration was provided to or receivable by third parties for making available directors' services (2016: Nil).

Except for disclosed in note 34 to the consolidated financial statements, there are no loans, quasi-loans and other dealing arrangements in favour of the directors, their controlled body corporates and connected entities for the year ended 31 March 2017 and 2016.

No directors of the Company had a material interest, directly or indirectly, in any significant transaction, arrangements and contracts in relation to the Company's business to which the Company was or is a party that subsisted at the end of the year or at any time during the year (2016: Nil).

(b) Five highest paid employees

The five highest paid individuals in the Group during the year included four (2016: four) directors whose emoluments are reflected in the analysis presented above. The emolument of the remaining one (2016: one) individual is set out below:

	2017 **HK$'000**	2016 HK$'000
Salaries, bonuses and allowances	**900**	642
Retirement benefits scheme contributions	**8**	18
	908	660

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

(b) Five highest paid employees (Continued)

The emoluments of one (2016: one) individual with the highest emoluments are within the following bands:

	Number of employees	
	2017	2016
HK$Nil to HK$1,000,000	**1**	1

During the years ended 31 March 2017, no emoluments were paid by the Group to any of the highest paid individuals as inducement to join or upon joining the Group or as compensation for loss of office (2016: Nil).

14. LOSS PER SHARE

Basic loss per share

Basic loss per share is calculated by dividing the loss attributable to owners of the Company of approximately HK$166,789,000 (2016: approximately HK$109,552,000) by the weighted average number of ordinary shares of 5,129,104,438 (2016: 4,724,186,110) in issue for the year ended 31 March 2017.

The weighted average number of ordinary shares for the years ended 31 March 2017 and 2016 for the purpose of calculating basic loss per share has been adjusted for the consolidation of shares on the basis that every two issued and unissued shares being converted into one consolidated share which took place on 30 September 2016. Details of the share consolidation are set out in note 32(b) to the consolidated financial statements.

Diluted loss per share

Diluted loss per share is the same as basic loss per share as the outstanding share options have anti-dilutive effects on basic loss per share for the year (2016: Nil).

15. DIVIDEND

No dividend has been paid or declared by the Company during the years ended 31 March 2017 and 2016.

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land HK$'000	Buildings HK$'000	Leasehold improvements HK$'000	Moulding and equipment HK$'000	Motor vehicles HK$'000	Furniture and office equipment HK$'000	Total HK$'000
COST							
At 1 April 2015	3,660	1,160	6,675	26,119	13,495	6,386	57,495
Additions	–	11,759	–	619	161	164	12,703
Disposals	–	–	–	(3,503)	(669)	(2)	(4,174)
Exchange differences	–	–	(85)	(155)	(87)	(37)	(364)
At 31 March 2016 and 1 April 2016	3,660	12,919	6,590	23,080	12,900	6,511	65,660
Additions	–	–	19	569	2,919	155	3,662
Disposals	–	–	–	(166)	(1,806)	(14)	(1,986)
Exchange differences	–	–	(139)	(247)	(143)	(61)	(590)
At 31 March 2017	3,660	12,919	6,470	23,236	13,870	6,591	66,746
Accumulated depreciation and impairment							
At 1 April 2015	490	155	4,444	20,439	4,373	4,254	34,155
Charge for the year	98	233	1,216	5,374	2,151	988	10,060
Impairment	1,013	321	182	41	262	126	1,945
Eliminated upon disposals	–	–	–	(2,720)	(70)	(2)	(2,792)
Exchange differences	–	–	(64)	(139)	(12)	(15)	(230)
At 31 March 2016 and 1 April 2016	1,601	709	5,778	22,995	6,704	5,351	43,138
Charge for the year	98	335	621	182	2,316	566	4,118
Eliminated upon disposals	–	–	–	(166)	(1,781)	(14)	(1,961)
Exchange differences	–	–	(129)	(245)	(32)	(32)	(438)
At 31 March 2017	1,699	1,044	6,270	22,766	7,207	5,871	44,857
Carrying amounts							
At 31 March 2017	1,961	11,875	200	470	6,663	720	21,889
At 31 March 2016	2,059	12,210	812	85	6,196	1,160	22,522

Leasehold land and buildings with carrying amount of HK$13,836,000 (2016: HK$14,269,000) were pledged to a bank to secure general banking facilities granted to the Group as at 31 March 2017.

16. PROPERTY, PLANT AND EQUIPMENT (Continued)

As at 31 March 2017, the net carrying amounts of the Group's motor vehicle held under finance lease was approximately HK$2,898,000 (2016: HK$3,984,000).

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

17. AVAILABLE-FOR-SALE INVESTMENTS

	2017 HK$'000	2016 HK$'000
Listed equity investment outside Hong Kong, at fair value	3,277	2,418

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

18. GOODWILL

	2017 HK$'000	2016 HK$'000
Cost		
At 1 April and 31 March	105,775	105,775
Accumulated impairment losses		
At 1 April	24,662	14,285
Impairment loss for the year	59,741	10,377
At 31 March	84,403	24,662
Carrying amount		
At 31 March	21,372	81,113

18. GOODWILL (Continued)

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

	2017 **HK$'000**	2016 HK$'000
Digital application business:		
3 Dynamics (Asia) Limited ("3 Dynamics")	**21,372**	81,113

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

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

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by the directors for the next five years (2016: five years) with the residual period using the terminal growth rate of 3% (2016: 3%). The pre-tax rate used to discount the forecast cash flows for digital application business is 19.6% (2016: 17.3%) with reference to the valuation performed by an independent professional valuer.

As at 31 March 2017, due to the delay of launching of the business plan, the management realised that certain electronic software previously developed did not fit to the requirements of the customers and would not generate as much revenue as previously expected. The Group assessed the recoverable amount of the CGU for the digital application and as a result the carrying amount was written down to the recoverable amount. An impairment loss of approximately HK$59,741,000 (2016: HK$10,377,000) was recognised in the profit or loss.

19. INTANGIBLE ASSETS

	Contractual right	
	2017	2016
	HK$'000	HK$'000
Cost		
At 1 April	**98,035**	98,035
Accumulated amortisation and impairment		
At 1 April	**67,735**	29,410
Amortisation for the year	**15,781**	23,528
Impairment loss	**–**	14,797
At 31 March	**83,516**	67,735
Carrying amount		
At 31 March	**14,519**	30,300

As at 31 March 2017, the Group possessed a contractual right which represents the design, development, sales and distribution of mobile phone games with popular cartoon characters in the PRC arising from a co-operation agreement with a PRC company, Guangzhou Blue Arc Culture Communication Company Limited（廣州藍弧文化傳播有限公司）("Cooperation Agreement"). The Cooperation Agreement has a term of 5 years from 1 March 2013 to 28 February 2018 and is renewable for 5 years subject to negotiation by the parties concerned. In the opinion of the Directors, the contractual right is expected to be available for use by the Group over a useful life of 4.17 years from the date of acquisition and it is being amortised on a straight-line basis over its useful life. The remaining amortisation period of the contractual right is 0.92 year (2016: 1.92 years).

The Group determined the recoverable amounts of the Cooperation Agreement based on value in use calculation. That calculation used cash flows projections based on financial budgets approved by management covering the remaining one year period (2016: two years period), and discount rate of 32.2% (2016: 30.1%) for the Cooperation Agreement with reference to the valuation performed by an independent professional valuer. As the recoverable amount of the CGU of digital application business was higher than the carrying amount, no impairment loss was recognised during the year (2016: HK$14,797,000).

20. DEPOSITS PAID FOR ACQUISITION OF SUBSIDIARIES

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

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

Details of the MOU and the supplemental MOUs were set out in the Company's announcements dated 10 January 2014, 9 October 2014, 20 January 2015, 9 April 2015 and 31 July 2015 (the "Supplemental MOUs") respectively. During the year ended 31 March 2016, the Company and Mr. Wu reached a preliminary understanding to refund the full deposit of HK$15,000,000 and to enter into an agreement to terminate the MOU and the Supplemental MOUs. Upon the termination of the MOU and the Supplemental MOUs, the parties would have no further obligations to proceed with the Proposed Acquisition. The amount was reclassified to other receivables on termination of MOU (note 22).

Subsequent to the end of reporting period, on 27 June 2017, the deposits of HK$15,000,000 was fully refunded to the Company.

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

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

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

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

20. DEPOSITS PAID FOR ACQUISITION OF SUBSIDIARIES (Continued)

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

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

Further details of the Proposed Acquisition were set out in the Company's announcements dated 7 August 2014, 20 October 2014, 12 February 2015, 16 October 2015, 5 February 2016, 4 May 2016.

The amount was reclassified to other receivables on termination of the acquisition agreement (note 22).

On 28 June 2017, HK$9,100,000 of the above deposits was refunded to the Company and the directors considered that these deposits were long outstanding and made provision for the balance of these deposits of HK$22,900,000.

(c) Instant Strong Group Limited (Instant Strong)

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

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

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

On 15 July 2016, the Company entered into termination agreement to confirm the termination of the acquisition agreement and supplemental agreements with retrospective effect from 30 June 2016. The Vendor has refunded the deposit of HK$500,000 to the Company during the year ended 31 March 2017.

Further details of the Potential Investment were set out in the Company's announcements dated 23 November 2015, 28 January 2016, 1 April 2016, 4 May 2016 and 19 July 2016.

21. INVENTORIES

	2017 **HK$'000**	2016 HK$'000
Raw materials	**5,335**	5,435
Work in progress	**959**	2,299
Finished goods	**30,983**	21,435
	37,277	29,169
Less: Obsolete inventories written off	**(6,829)**	(6,718)
	30,448	22,451

22. TRADE AND OTHER RECEIVABLES

	2017 **HK$'000**	2016 HK$'000
Trade receivables *(Note a)*	**18,958**	16,772
Provision for doubtful debts *(Note a)*	**(10,215)**	(2,738)
Bill receivables	**226**	–
Other receivables *(Note b)*	**135,019**	138,200
Total trade and other receivables	**143,988**	152,234

Notes:

(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.

22. TRADE AND OTHER RECEIVABLES (Continued)

Notes: (Continued)

(a) Trade receivables (Continued)

The aging analysis of trade receivables (net of provision of doubtful debts) based on the invoice date is as follows:

	2017 **HK$'000**	2016 HK$'000
Within 30 days	**5,250**	14,034
31 – 60 days	**3,362**	–
61 – 90 days	**114**	–
91 – 180 days	**17**	–
Total	**8,743**	14,034

As at 31 March 2017, none of trade receivables were past due but not impaired (2016: Nil).

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

	2017 **HK$'000**	2016 HK$'000
At 1 April	**2,738**	4,217
Reversal of provision for doubtful debts	**(2,738)**	(4,217)
Provision for doubtful debts	**10,215**	2,738
At 31 March	**10,215**	2,738

22. TRADE AND OTHER RECEIVABLES (Continued)

Notes: (Continued)

(a) Trade receivables (Continued)

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

	2017 HK$'000	2016 HK$'000
HK$	3,944	6,577
United States dollars ("US$")	4,780	7,312
Renminbi ("RMB")	19	145
Total	8,743	14,034

(b) Other receivables

	2017 HK$'000	2016 HK$'000
Advanced to staff	290	3,081
Deposits paid to suppliers	32,889	37,419
Prepayments and other deposits paid	57,380	64,542
Refundable deposits for acquisition of subsidiaries (Note 20(a)&(b))	24,100	15,000
Others	20,360	18,158
	135,019	138,200

As at 31 March 2017, included in other receivables was refundable deposits for acquisition of subsidiaries amounting to HK$22,900,000 (2016: HK$Nil) were considered to make provision as a result of the chance to collect the amount was low. Details of which has been set out in note 20 to the consolidated financial statements.

Subsequent to the end of reporting period, the deposits of HK$24,100,000 has been fully refunded to the Company.

23. LOAN RECEIVABLES

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

	2017	2016
	HK$'000	HK$'000
Carrying amount receivable based on schedule repayment dates set out in the loan agreement		
Within one year	**–**	9,600

As at 31 March 2017, the directors of the Company considered that the loan receivables of HK$9,600,000 was not recoverable and full provision is made for this balance. On 28 June 2017, the Company as the plaintiff ("Plaintiff") had initiated a claim under the writ of summons against the borrower, as defendant ("Defendant") under High Court Action HCA 1528 of 2017 for the repayment of HK$9,600,000 being money advanced by the Plaintiff to the Defendant.

24. AMOUNTS DUE FROM A DIRECTOR

Name of director	**Maximum debit balance**	**2017**	2016
	HK$'000	**HK$'000**	HK$'000
Zhang Xueming	12,570	**12,570**	12,570

The amounts due are unsecured, interest-free and recoverable on demand.

The amounts are solely used for establishing the representative office located in PRC.

25. CONTINGENT CONSIDERATION RECEIVABLES

	HK$'000
Fair value of contingent consideration receivables at 1 April 2015	42,000
Received	(20,000)
Balance at 31 March 2016 and 1 April 2016	22,000
Less: Provision for impairment	(22,000)
Balance at 31 March 2017	–

The receivables represent the contingent consideration arising from the acquisition of the entire issued share capital of 3 Dynamics on 11 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 warranted and guaranteed to Dynamic Miracle Limited, a wholly-owned subsidiary of the Company (the "Dynamic Miracle") that the audited net profits after tax of 3 Dynamics as shown in its audited financial statements 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 (the "Relevant Period") shall not be less than HK$42,000,000 (the "Profit Guarantee"). The Profit Guarantee was secured by 140,000,000 consideration shares ("Escrow Shares") of the Company issued to the Vendor. As certified by the previous auditor of the 3 Dynamics, 3 Dynamics has recorded a net loss after tax in its audited financial statements for the period from 11 December 2013 to 10 December 2014 and there was no profit for the Relevant Period pursuant to the SPA. Under the terms and conditions as stipulated in SPA, the Escrow Shares would be sold in order to pay for the Profit Guarantee. During the year ended 31 March 2016, a portion of the Escrow Shares were sold to pay for the Profit Guarantee. An amount of HK$20,000,000 was received by the Group to partially settle the Profit Guarantee obligation of the Vendor. As at 31 March 2017, the balance of HK$22,000,000 was still outstanding for the Profit Guarantee and only 73,870,000 (after adjustment for share subdivision and consolidation) of the Escrow Shares remained as a security for the Profit Guarantee.

The Company has been negotiating with the Vendor continuously to recover the outstanding amount. As at 31 March 2017, the outstanding balance of HK$22,000,000 (2016: HK$22,000,000) represents the nominal amount of cash to be received for the Profit Guarantee. However the receivables has been long outstanding despite of the Escrow Shares held, in view of the market condition, the directors considered that the chance to collect the balance would be low and full provision had been made for the amount receivable.

26. BANK BALANCES AND CASH

The amounts comprise cash held by the Group and short-term bank deposits at market interest rates ranging from 0.001% to 0.01% p.a. (2016: 0.001% to 0.01% p.a.) with an original maturity of three months or less.

27. TRADE AND OTHER PAYABLES

	2017	2016
	HK$'000	HK$'000
Trade payables *(Note a)*	**30,865**	7,850
Bill payables	**28,000**	26,516
Other payables *(Note b)*	**46,946**	41,486
Total trade and other payables	**105,811**	75,852

(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:

	2017	2016
	HK$'000	HK$'000
Not yet due	**29,557**	6,167
1 – 30 days past due	**1,161**	1,612
31 – 60 days past due	**146**	63
61 – 90 days past due	**–**	3
91 – 180 days past due	**1**	5
	30,865	7,850

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

	2017	2016
	HK$'000	HK$'000
HK$	**4,262**	7,050
RMB	**26,452**	517
US$	**151**	283
Total	**30,865**	7,850

27. TRADE AND OTHER PAYABLES (Continued)

(b) Other payables

	2017 HK$'000	2016 HK$'000
Accruals	**7,739**	3,879
Interest payables	**2,090**	2,580
Other tax payables	**129**	447
Salary and welfare payables	**6,367**	7,968
Deposits received	**4,358**	3,247
Others	**26,263**	23,365
	46,946	41,486

28. OBLIGATIONS UNDER A FINANCE LEASE

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

	Minimum lease payments		Present value of minimum lease payments	
	2017 HK$'000	2016 HK$'000	2017 HK$'000	2016 HK$'000
Amounts payable under finance lease:				
Within one year	**1,238**	1,350	**1,204**	1,247
More than one year but less than five years	**–**	1,350	**–**	1,204
	1,238	2,700	**1,204**	2,451
Less: Future finance charges	**(34)**	(136)	**–**	–
Present value of lease obligation	**1,204**	2,564	**1,204**	2,451
Less: Amount due for settlement within 12 months			**(1,204)**	(1,247)
Amount due for settlement after 12 months			**–**	1,204

29. AMOUNTS DUE TO A DIRECTOR/A RELATED PARTY

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

30. PROMISSORY NOTES

	2017	2016
	HK$'000	HK$'000
At 1 April	**95,468**	113,750
Issuance	**–**	19,866
Imputed interest charged	**9,735**	9,792
Interest paid	**(7,214)**	(8,514)
Redemption	**–**	(39,130)
Gain on early redemption	**–**	(296)
At 31 March	**97,989**	95,468
Analysed as:		
Current liabilities	**31,775**	–
Non-current liabilities	**66,214**	95,468
	97,989	95,468

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.

No issuance of unsecured promissory notes was made during the year ended 31 March 2017. During the year ended 31 March 2016, the Company issued unsecured promissory notes with aggregate principal amounts of HK$21,000,000. The proceeds from the issue of promissory notes are used as general working capital of the Group and financing future investment opportunities.

At any time prior to the maturity date, the Company has the sole discretion to 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 notes, plus accrued and unpaid interest thereon the redemption date.

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

31. DEFERRED TAX LIABILITIES

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

	Intangible assets HK$'000	Accelerated tax depreciation HK$'000	Withholding tax on undistributed earnings HK$'000	Total HK$'000
At 1 April 2015	17,157	157	816	18,130
Credit to consolidated profit or loss for the year	(9,581)	–	–	(9,581)
At 31 March 2016 and 1 April 2016	7,576	157	816	8,549
Credit to consolidated profit or loss for the year	(3,946)	–	–	(3,946)
At 31 March 2017	3,630	157	816	4,603

At the end of the reporting period, the Group had unused tax losses of approximately HK$80,525,000 (2016: approximately HK$72,190,000), 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$22,009,000 (2016: approximately HK$13,872,000) that have an expiry period of five years. Other tax losses may be carried forward indefinitely.

32. SHARE CAPITAL

	NOTES	Number of shares	Amount HK$'000
Authorised:			
Ordinary shares of HK$0.0002 (2016: HK$0.0001) each			
At 1 April 2015		10,000,000,000	1,000
Increase	(a)	70,000,000,000	7,000
At 31 March 2016 and 1 April 2016		80,000,000,000	8,000
Consolidation of shares	(b)	(40,000,000,000)	–
At 31 March 2017		**40,000,000,000**	**8,000**
Issued and fully paid:			
Ordinary shares of HK$0.0002 (2016: HK$0.0001) each			
At 1 April 2015		8,772,400,000	877
Placement of shares	(c)	240,000,000	24
Conversion of convertible bonds	(d)	480,168,744	48
Exercise of share options	(e)	554,870,000	56
At 31 March 2016 and 1 April 2016		10,047,438,744	1,005
Exercise of share options	(f)	72,674,000	7
Placement of shares	(g)	48,000,000	5
Consolidation of shares	(b)	(5,084,056,372)	–
Placement of shares	(h)	200,000,000	40
At 31 March 2017		**5,284,056,372**	**1,057**

32. SHARE CAPITAL (Continued)

Notes:

(a) By an ordinary resolution passed at the extraordinary general meeting on 22 October 2015, the Company's authorised share capital was increased from HK$1,000,000 divided into 10,000,000,000 ordinary shares of HK$0.0001 each to HK$8,000,000 divided into 80,000,000,000 ordinary shares of HK$0.0001 each by the creation of additional 70,000,000,000 ordinary shares of HK$0.0001 each.

(b) Pursuant to an ordinary resolution passed on 29 September 2016, the Company consolidated every existing 2 issued and unissued shares of HK$0.0001 each into 1 consolidated share of HK$0.0002 each (the "Share Consolidation"). Upon the Share Consolidation becoming effective, the authorised share capital of the Company became HK$8,000,000 divided into 40,000,000,000 ordinary shares of HK$0.0002 each. Based on a total of 10,168,112,744 ordinary shares of HK$0.0001 each in issue immediately prior to the Share Consolidation, the issued and fully-paid share capital of the Company became approximately HK$1,017,000 divided into 5,084,056,372 ordinary shares of HK$0.0002 each.

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

(d) During the year ended 31 March 2016, the Company issued 480,168,744 new ordinary shares at a subscription price of HK$0.237 per share on conversion of convertible bonds.

(e) During the year ended 31 March 2016, the Company issued 543,870,000 and 11,000,000 new ordinary shares at a subscription price of HK$0.092 and HK$0.128 per share respectively, on exercising the share option for a total cash consideration of HK$51,444,000.

(f) During the year ended 31 March 2017, prior to the Share Consolidation, the Company issued 72,674,000 new ordinary shares at a subscription price of HK$0.092 per share, for exercising the share options for a total cash consideration of approximately HK$6,686,000.

(g) During the year ended 31 March 2017, prior to the Share Consolidation, the Company issued 48,000,000 new ordinary shares at a subscription price of HK$0.076 per share for a total cash consideration of HK$3,648,000. The premium on the issue of shares amounted to approximately HK$3,570,000, net of share issue expenses.

(h) During the year ended 31 March 2017, after the Share Consolidation, the Company issued 200,000,000 new ordinary shares at subscription price of HK$0.101 per share for a total cash consideration of HK$19,392,000. The premium on the issue of shares amounted to approximately HK$19,352,000, net of share issue expenses.

33. SHARE-BASED PAYMENTS

Equity-settled share option scheme

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

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

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

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

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

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

33. SHARE-BASED PAYMENTS (Continued)

Equity-settled share option scheme (Continued)

Details of the specific categories of options are as follows:

Grantee	Date of grant	Exercise period	Exercise price *(Note)* HK$
Directors, employees and consultants	17.9.2013	17.9.2013 to 16.9.2023	0.436
	10.10.2013	10.10.2013 to 9.10.2023	0.392
	13.1.2014	13.1.2014 to 12.1.2024	0.314
	14.7.2014	14.7.2014 to 13.7.2024	0.256
	21.8.2014	21.8.2014 to 20.8.2024	0.226
	23.9.2014	23.9.2014 to 22.9.2024	0.310
	16.2.2015	16.2.2015 to 15.2.2025	0.164
	17.3.2015	17.3.2015 to 16.3.2025	0.184

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

33. SHARE-BASED PAYMENTS (Continued)

Equity-settled share option scheme (Continued)

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

	2017		2016	
	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	811,870,000	0.10	1,366,740,000	0.11
Lapsed during the year	(55,000,000)	(0.44)	–	–
Exercised during the year	(72,674,000)	(0.09)	(554,870,000)	(0.09)
Consolidation of shares *(Note 32(b))*	(342,098,000)	N/A	–	–
Outstanding at the end of the year	342,098,000	0.08	811,870,000	0.10
Exercisable at the end of the year	342,098,000	0.08	811,870,000	0.10

The options outstanding at the end of the year have a weighted average remaining contractual life of 7.41 years (2016: 8.39 years) and the exercise prices range from HK$0.164 to HK$0.436 (2016: from HK$0.164 to HK$0.436). During the year ended 31 March 2017 and 2016, no option had been granted.

33. SHARE-BASED PAYMENTS (Continued)

Equity-settled share option scheme (Continued)

The estimated fair values of the share options granted were 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	Exercise price	Expected volatility *(Note b)*	Risk free rate	Expected life
17 September 2013 *(Note a)*	HK$0.10	HK$0.436	98.26%	2.27%	10 years
10 October 2013 *(Note a)*	HK$0.07	HK$0.392	97.84%	2.09%	10 years
13 January 2013 *(Note a)*	HK$0.06	HK$0.314	65.25%	2.40%	10 years
14 July 2014	HK$0.08	HK$0.256	50.25%	2.00%	10 years
21 August 2014	HK$0.07	HK$0.226	50.06%	1.90%	10 years
23 September 2014	HK$0.08	HK$0.310	50.04%	2.00%	10 years
16 February 2015	HK$0.05	HK$0.164	69.14%	1.55%	10 years
17 March 2015	HK$0.05	HK$0.184	70.02%	1.58%	10 years

Note:

(a) The fair value and the exercise price of the share options granted in prior year have been adjusted pursuant to the share subdivision and share consolidation of the Company's share became effective on 25 March 2014 and 30 September 2016 respectively.

(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 to expand its business network, acquire and explore new business projects and opportunities. The fair value of such benefits could not be estimated reliably and as a result, the fair value is measured by reference to the fair value of share options granted.

34. RELATED PARTY TRANSACTIONS

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

(a) Name and relationship with a related party

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

(b) Balance with related parties

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

	2017 **HK$'000**	2016 HK$'000
Amounts due from a director		
– Zhang Xueming	**12,570**	12,570
Amounts due to a director		
– Zheng Jian Peng	**3,200**	–
Amounts due to a related party		
– Zhongyou Yingtai	**3,387**	9,433

35. OPERATING LEASE COMMITMENTS

At 31 March 2017, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2017 **HK$'000**	2016 HK$'000
Within one year	**8,831**	9,111
In the second to fifth years inclusive	**29,716**	27,891
After five years	**15,165**	24,788
	53,712	61,790

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

36. 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$1,500 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.

37. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2017 **HK$'000**	2016 HK$'000
Non-current assets		
Investment in subsidiaries	**9,291**	9,291
Property, plant and equipment	**498**	833
Deposit paid for acquisition of a subsidiary	**–**	32,000
	9,789	42,124
Current assets		
Loan receivables	**–**	9,600
Prepayment, deposits and other receivables	**51,006**	21,109
Amounts due from a director	**12,570**	12,570
Amounts due from subsidiaries	**62,639**	324,816
Bank balances and cash	**1,496**	215
	127,711	368,310
Current liabilities		
Accruals and other payables	**5,016**	6,062
Amounts due to a director	**3,200**	–
Amounts due to subsidiaries	**2,090**	430
Promissory notes	**31,775**	–
	42,081	6,492
Net current assets	**85,630**	361,818
Total assets less current liabilities	**95,419**	403,942
Non-current liability		
Promissory notes	**66,214**	95,468
Net assets	**29,205**	308,474
Capital and reserves		
Share capital	**1,057**	1,005
Reserves	**28,148**	307,469
Total equity	**29,205**	308,474

Approved and authorised for issue by the Board of Directors on 30 June 2017.

Zou Donghai
Chairman and Executive Director

Ho Chun Kit Gregory
Executive Director

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

	Share premium HK$'000	Share-based capital reserve HK$'000	Convertible bonds reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2015	295,301	82,156	126,620	(229,732)	274,345
Loss for the year	–	–	–	(38,674)	(38,674)
Placement of shares	24,420	–	–	–	24,420
Conversion of converted bonds	122,610	–	(126,620)	–	(4,010)
Exercise of share options	81,495	(30,107)	–	–	51,388
At 31 March 2016 and 1 April 2016	**523,826**	**52,049**	–	**(268,406)**	**307,469**
Loss for the year	**–**	**–**	–	**(308,922)**	**(308,922)**
Placement of shares	**23,823**	**–**	–	**–**	**23,823**
Share issue expenses	**(901)**	**–**	–	**–**	**(901)**
Exercise of share options	**10,589**	**(3,910)**	–	**–**	**6,679**
Share options lapsed	**–**	**(6,710)**	–	**6,710**	**–**
At 31 March 2017	**557,337**	**41,429**	–	**(570,618)**	**28,148**

Nature and purpose of reserves

(i) Share premium account

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

(ii) Statutory reserve

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

(iii) Foreign currency translation reserve

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

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

Nature and purpose of reserves (Continued)

(iv) Share-based capital reserve

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

38. SUBSIDIARIES

Particulars of the subsidiaries as at 31 March 2017 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	
Brave Lead International Limited	British Virgin Islands ("BVI")/ Hong Kong	1 ordinary share of US$1 each	100%	–	Investment holding
Prosper State International Holdings Limited	Hong Kong/ Hong Kong	HK$1	–	100%	Inactive
Brilliant Access Holdings Limited	BVI/Hong Kong	1 ordinary share of US$1 each	100%	–	Investment holding
China Oil Gangran Energy Group International Limited	Hong Kong/ Hong Kong	HK$1	–	100%	Investment holding
Dynamics Miracle Limited	BVI/Hong Kong	1 ordinary share of US$1 each	100%	–	Investment holding
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

38. 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
Yuan Da Capital Limited	BVI/Hong Kong	1 ordinary share of US$1 each	100%	–	Investment holding
China Oil Gangran Energy Group Limited	Hong Kong/ Hong Kong	HK$10,000	–	100%	Investment holding
吉林中油港燃能源開發有限責任公司 Jilin China Oil Gangran Energy Developement Company Limited ("Jilin China Oil")	The PRC/PRC	HK$100,000,000	–	100%	Development of liquefied natural gas, compressed natural gas and related clean energy business
High Group Limited	Hong Kong/ Hong Kong	HK$10,000	–	100%	Investment holding
Rich Talent Worldwide Limited	BVI/Hong Kong	1 ordinary share of US$1 each	100%	–	Investment holding
Treasure Rich International Investment Limited	Hong Kong/ Hong Kong	HK$1	–	100%	Inactive
New Skyline Group Limited	BVI/Hong Kong	1 ordinary share of US$1 each	100%	–	Investment holding
China Oil Gangran Energy Group Investment Limited	Hong Kong/ Hong Kong	HK$10,000	–	100%	Inactive
Charm Profit Inc	BVI/Hong Kong	1 ordinary share of US$1 each	100%	–	Investment holding
Brave Champ Holdings Limited	BVI/Hong Kong	1 ordinary share of US$1 each	100%	–	Investment holding
China Oil Gangran Energy Group (Hong Kong) Limited	Hong Kong/ Hong Kong	HK$1	–	100%	Investment holding
江西中油港燃能源科技有限公司 Jiangxi China Oil Gangran Energy Technology Company Limited ("Jiangxi China Oil")	The PRC/PRC	RMB100,000,000	–	51%	Development and trading of refined oil and chemicals

38. 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 Coal Sale Company Limited	Hong Kong/ Hong Kong	HK$1	–	100%	Inactive
Empire Smart International Group Limited	BVI/Hong Kong	1 ordinary share of US$1 each	100%	–	Investment holding
China Oil Gangran Energy Group (Hong Kong) Investment Company Limited	Hong Kong/ Hong Kong	HK$1	–	100%	Inactive
Fortune Hill International Group Limited	BVI/Hong Kong	1 ordinary share of US$1 each	100%	–	Investment holding
China Oil Gangran Energy Group (Africa) Development Company Limited	Hong Kong/ Hong Kong	HK$1	–	100%	Inactive
Able One Investments Limited	BVI/Hong Kong	3 ordinary shares 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
Joint Market Limited	BVI/Hong Kong	1 ordinary share of US$1 each	–	100%	Investment holding
Logic Dynamic Limited	Hong Kong/ Hong Kong	HK$10,000	–	100%	Trading of power and data cords for medical control devices
Capital Convoy Limited	BVI/Hong Kong	1 ordinary share of US$1 each	–	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

38. 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
三輝電綫電纜(郴州)有限公司 Sun Fair Electric Wire & Cable (Chenzhou) Company Limited ("Sun Fair CZ")	The PRC/PRC	HK$4,000,000	–	100%	Manufacturing of power and data cords
三輝電綫電纜(深圳)有限公司 Sun Fair Electric Wire & Cable (Shenzhen) Company Limited ("Sun Fair SZ")	The PRC/PRC	HK$10,000,000	–	100%	Manufacturing and trading of power and data cords

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

Jiangxi China Oil is a sino-foreign equity joint venture established in the PRC.

39. EVENTS AFTER THE REPORTING PERIOD

On 4 January 2017, the Company and Mr. Zou Donghai (the "Subscriber") entered into a subscription agreement in relation to the subscription of 700,000,000 shares of the Company at the subscription price of HK$0.101 per subscription share (the "Subscription"). The subscription of shares have been completed on 24 April 2017.

40. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to current year's presentation.

41. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 30 June 2017.

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				
	2017 HK$'000	2016 HK$'000	2015 HK$'000	2014 HK$'000	2013 HK$'000
Revenue	**331,804**	194,790	79,627	128,261	157,425
Loss before tax	**(173,925)**	(121,679)	(225,327)	(90,872)	(12,824)
Income tax credit	**3,596**	9,514	5,538	2,002	136
Loss for the year	**(170,329)**	(112,165)	(219,789)	(88,870)	(12,688)
Attributable to:					
Owners of the Company	**(166,789)**	(109,552)	(217,075)	(88,678)	(9,703)
Non-controlling interests	**(3,540)**	(2,613)	(2,714)	(192)	(2,985)
	(170,329)	(112,165)	(219,789)	(88,870)	(12,688)

ASSETS, EQUITY AND LIABILITIES

	For the year ended 31 March				
	2017 HK$'000	2016 HK$'000	2015 HK$'000	2014 HK$'000	2013 HK$'000
ASSETS					
Non-current assets	**61,057**	168,853	230,455	229,975	28,374
Current assets	**232,135**	257,024	219,491	170,521	77,428
Total assets	**293,192**	425,877	449,946	400,496	105,802
EQUITY AND LIABILITIES					
Total equity	**70,695**	215,998	262,443	222,443	53,955
Non-current liabilities	**70,817**	105,221	102,644	63,429	974
Current liabilities	**141,512**	104,658	84,859	114,624	50,873
Total liabilities	**212,329**	209,879	187,503	178,053	51,847
Total equity and liabilities	**283,024**	425,877	449,946	400,496	105,802
Attributable to:					
Owners of the Company	**81,267**	221,630	265,456	222,515	53,955
Non-controlling interests	**(10,672)**	(5,632)	(3,013)	(72)	–
	70,695	215,998	262,443	222,443	53,955