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

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2016

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

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

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

This announcement, 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 this announcement 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 this announcement misleading.

ANNUAL RESULTS

The board of Directors (the "Board") of the Company is pleased to present the consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2016 (the "Financial Year") together with the comparative figures for the year ended 31 March 2015 (the "Previous Financial Year") as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2016

	Note	**2016** *HK$'000*	2015 *HK$'000*
Revenue	*4*	**194,790**	79,627
Cost of sales		**(175,033)**	(63,496)
Gross profit		**19,757**	16,131
Other income and gain or (loss)	*5*	**(14,495)**	46,300
Selling expenses		**(8,543)**	(25,624)
Administrative expenses		**(109,725)**	(245,221)
Loss from operations		**(113,006)**	(208,414)
Gain on disposal of subsidiaries		**2,113**	–
Finance costs	*7*	**(10,786)**	(16,913)
Loss before tax		**(121,679)**	(225,327)
Income tax	*8*	**9,514**	5,538
Loss for the year	*6*	**(112,165)**	(219,789)
Other comprehensive expenses, after tax			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**1,211**	(237)
Fair value change of available-for-sale investments		**(1,457)**	–
Other comprehensive expenses for the year, net of tax		**(246)**	(237)
Total comprehensive expenses for the year		**(121,411)**	(220,026)

	Note	**2016**	2015
		HK$'000	*HK$'000*
Loss for the year attributable to:			
Owners of the Company		**(109,552)**	(217,075)
Non-controlling interests		**(2,613)**	(2,714)
		(112,165)	(219,789)
Total comprehensive expenses for the year attributable to:			
Owners of the Company		**(118,792)**	(217,086)
Non-controlling interests		**(2,619)**	(2,940)
		(121,411)	(220,026)
Loss per share		***HK$ cents***	*HK$ cents*
Basic	*9*	**(1.19)**	(2.68)
Diluted	*9*	**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2016

	Note	2016 HK$'000	2015 HK$'000
Non-current assets			
Property, plant and equipment		**22,522**	23,340
Available-for-sale investments		**2,418**	–
Goodwill	*11*	**81,113**	91,490
Intangible assets	*12*	**30,300**	68,625
Deposit paid for acquisition of a subsidiary	*13*	**32,500**	47,000
		168,853	230,455
Current assets			
Inventories		**22,451**	8,284
Trade and other receivables	*14*	**152,234**	59,012
Loan receivables		**9,600**	–
Due from a Director		**12,570**	–
Contingent consideration receivables	*15*	**22,000**	42,000
Derivative components of convertible bonds	*18*	**–**	10,160
Bank and cash balances		**38,169**	100,035
		257,024	219,491
Current liabilities			
Trade and other payables	*16*	**75,852**	29,717
Obligation under finance lease		**1,247**	1,181
Due to a Director		**–**	582
Due to a related party		**9,433**	–
Promissory notes	*17*	**46,287**	31,687
Convertible bonds	*18*	**–**	13,315
Borrowings		**12,089**	2,364
Current tax liabilities		**6,037**	6,013
		150,945	84,859
Net current assets		**106,079**	134,632
Total assets less current liabilities		**274,932**	365,087

	Note	2016 HK$	2015 HK$
Non-current liabilities			
Obligation under finance lease		**1,204**	2,451
Promissory notes	*17*	**49,181**	82,063
Deferred tax liabilities		**8,549**	18,130
		58,934	102,644
NET ASSETS		**215,998**	262,443
Capital and reserves			
Share capital	*19*	**1,005**	877
Reserves		**220,625**	264,579
Equity attributable to owners of the Company		**221,630**	265,456
Non-controlling interests		**(5,632)**	(3,013)
TOTAL EQUITY		**215,998**	262,443

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2016

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

1. GENERAL INFORMATION AND BASIS OF PREPARATION

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

The Company is an investment holding company and the Group are principally engaged in (i) development of liquefied natural gas, compressed natural gas and related clean energy business; (ii) activities relating to the provision of programming services, web services, mobile marketing solutions and development of mobile phone games; and (iii) 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.

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

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

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

2.1 Initial application of Hong Kong Financial Reporting Standards

In the current year, the Group initially applied the following Hong Kong Financial Reporting Standards:

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

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

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

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

HKFRS 9 (2014)	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[3]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[2]
Amendments to HKAS 1	Disclosure Initiative[2]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[2]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[2]
Amendments to HKAS 27	Equity Method in Separate Financial Statement[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle[2]

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

[2] *Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.*

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

[4] *Effective for annual periods beginning on or after a date to be determined.*

HKFRS 9 Financial Instruments

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

Key requirements of HKFRS 9 are described below:

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

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

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

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

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

HKFRS 15 Revenue from Contracts with Customers

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

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

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

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

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

The Directors anticipate that the application of these new and revised HKFRSs will have no material impact on the Group's consolidated financial statements.

HKFRS 16 Leases

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

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

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

3. SEGMENT INFORMATION

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

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

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

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

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

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

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

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

Segment profit or loss do not include the following items:

– Other income and gain or loss

– Corporate expenses

– Gain on disposal of subsidiaries

– Finance costs

Segment assets do not include the following items:

– Derivative components of convertible bonds

– Available-for-sale financial assets

– Financial assets at fair value through profit or loss

– Other corporate assets

Segment liabilities do not include the following items:

– Promissory notes

– Convertible bonds

– Borrowings

– Other corporate liabilities

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

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

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

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

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

Geographical information:

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

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

* *Non-current assets excluded financial instrument.*

Revenue from major customers:

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

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

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

4. REVENUE

The Group's revenue represented the following:

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

5. OTHER INCOME AND GAIN OR (LOSS)

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

6. LOSS FOR THE YEAR

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

	2016	2015
	HK$'000	*HK$'000*
Cost of inventories sold	**153,811**	43,625
Operating lease payments		
– Motor vehicles	**–**	344
– Office and staff quarters	**8,243**	6,323
– Vessels	**3,050**	–
Amortisation	**23,528**	23,528
Depreciation	**10,060**	7,409
Allowance on inventories	**6,718**	5,969
Provision of doubtful debts on trade and other receivables	**2,738**	16,000
Net foreign exchange losses	**–**	204
Loss on disposals of property, plant and equipment	**–**	50
Directors' emoluments	**5,383**	8,375
Staff costs including Directors' emoluments		
Salaries, bonuses and allowances	**33,691**	35,694
Equity-settled share-based payments	**–**	9,081
Retirement benefits scheme contributions	**609**	425
	34,300	45,200
Other equity-settled share-based payments	**–**	62,295
Auditors' remuneration	**770**	750

7. FINANCE COSTS

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

8. INCOME TAX

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

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

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

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

9. LOSS PER SHARE

Basic loss per share

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

Diluted loss per share

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

10. DIVIDEND

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

11. GOODWILL

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

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

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

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

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

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

12. INTANGIBLE ASSETS

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

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

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

13. DEPOSIT PAID FOR ACQUISITION OF SUBSIDIARIES

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

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

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

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

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

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

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

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 the Sino Grandway.

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

(c) Instant Strong Group Limited (Instant Strong)

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

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

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

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

14. TRADE AND OTHER RECEIVABLES

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

(a) Trade receivables

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

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

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

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

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

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

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

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

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

(b) Other receivables

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

15. CONTINGENT CONSIDERATION RECEIVABLES

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

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

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

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

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

16. TRADE AND OTHER PAYABLES

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

(a) Trade payables

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

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

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

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

(b) Other payables

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

17. PROMISSORY NOTES

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

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

During the year ended 31 March 2016, the Company issued unsecured promissory notes with aggregate principal amounts of HK$21,000,000 (2015: HK$74,900,000). The proceeds from the issuance of promissory notes are be used as general working capital of the Group and financing future investment opportunities.

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

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.

18. CONVERTIBLE BONDS

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

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

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

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

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

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

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

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

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

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

19. SHARE CAPITAL

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

Notes:

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

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

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

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

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

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

20. DISPOSAL OF SUBSIDIARIES

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

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

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

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

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

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

21. EVENTS AFTER THE REPORTING PERIOD

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

As additional time is required to complete the due diligence exercise, the Vendor and the Company entered into the second supplemental agreement ("second supplemental agreement A") to extend the Long Stop Date from 30 March 2016 to 30 April 2016.

On 4 May 2016, a third supplemental agreement ("third supplemental agreement") was entered with the Vendor to further extend the Long Stop Date from 30 April 2016 to 30 June 2016.

(b) On 4 May 2016, the Company entered into a second supplemental agreement ("second supplemental agreement B") with Zhang Weihua ("Vendor A") and Wei Yingming ("Vendor B") made pursuant to the acquisition agreement the Company entered into on 5 February 2016 ("acquisition agreement 2").

As additional time is required to complete the due diligence exercise, Vendor A and Vendor B has entered into a second supplemental agreement ("second supplemental agreement B") to extend the Long Stop Date from 5 April 2016 to 30 June 2016.

FINANCIAL REVIEW

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

BUSINESS REVIEW

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

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

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

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

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

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

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

Power and Data Cords Business

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

Power Cords and Inlet Sockets for Household Electric Appliances

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

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

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

Power and Data Cords for Mobile Phones and Medical Control Devices

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

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

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

Development of Digital Applications

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

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

Natural Gas and Clean Energy Business

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

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

Refined Oil Business

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

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

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

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

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

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

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

Potential Acquisition Activities

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

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

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

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

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

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

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

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

Disclosable Transaction

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

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

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

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

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

Potential Investment

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

Change of Directors

With effect from 15 December 2015:

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

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

Changes of Company Secretary and Authorized Representative

With effect from 15 December 2015:

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

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

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

OUTLOOK

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

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

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

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

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

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

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

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

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

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

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

ANNUAL GENERAL MEETING

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

CLOSURE OF REGISTER OF MEMBERS

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

EMPLOYEES' REMUNERATION POLICY

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

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

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

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

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

SECURITIES IN ISSUE

During the Financial Year,

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

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

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

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

EXPOSURE TO FOREIGN EXCHANGE RISK

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

PLEDGE OF ASSETS

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

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

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

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.

CORPORATE GOVERNANCE PRACTICES

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

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

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

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

AUDIT COMMITTEE

The audit committee of the Company (the “Audit Committee”) comprises Mr. Lau Sung Tat, Vincent, Ms Eugenia Yang and Mr. Na Ka Chung, all of whom are independent non-executive directors of the Company. The Audit Committee has adopted terms of reference which are in line with the code provisions of the CG Code. The Audit Committee has reviewed the results of the Group for the Financial Year.

PRELIMINARY ANNOUNCEMENT OF THE RESULTS

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2016 have been agreed by the Company's auditors, Elite Partners CPA Limited, to the amounts set out in the Company's draft consolidated financial statements for the Financial Year. The work performed by Elite Partners CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Elite Partners CPA Limited on the preliminary announcement.

APPRECIATION

On behalf of the Board, I would like to extend my sincere gratitude to our business partners, shareholders, staff and management for their continuous dedication, commitment and support.

By Order of the Board
China Oil Gangran Energy Group Holdings Limited
Zou Donghai
Chairman

Hong Kong, 17 June 2016

As at the date of this announcement, the executive Directors are Mr. Zou Donghai, Mr. Zhang Xueming, Mr. Rong Changjun, Mr. Ho Chun Kit Gregory, Mr. Chan Lung Ming and Mr. Zheng Jian Peng; and the independent non-executive Directors are Ms. Eugenia Yang, Mr. Ng Ka Chung and Mr. Lau Sung Tat, Vincent.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at http://www.hkgem.com for at least 7 days from the date of its posting and on the websites of the Company at www.chinaoilgangran.com and http://chinaoilgangran.todayir.com.