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 2017

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

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

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

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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 2017 (the "Financial Year") together with the comparative figures for the year ended 31 March 2016 (the "Previous Financial Year") as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2017

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

	NOTES	2017 HK$'000	2016 HK$'000
Loss for the year attributable to:			
Owners of the Company		**(166,789)**	(109,552)
Non-controlling interests		**(3,540)**	(2,613)
		(170,329)	(112,165)
Total comprehensive expenses for the year attributable to:			
Owners of the Company		**(169,916)**	(115,752)
Non-controlling interests		**(5,040)**	(2,619)
		(174,956)	(118,371)
Loss per share	*9*		
Basic *(HK cents)*		**(3.25)**	(2.32)
Diluted *(HK cents)*		**(3.25)**	(2.32)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2017

	NOTES	2017 HK$'000	2016 HK$'000
Non-current assets			
Property, plant and equipment		**21,889**	22,522
Available-for-sale investments		**3,277**	2,418
Goodwill	*11*	**21,372**	81,113
Intangible assets	*12*	**14,519**	30,300
Deposit paid for acquisition of subsidiaries	*13*	**–**	32,500
		61,057	168,853
Current assets			
Inventories		**30,448**	22,451
Trade and other receivables	*14*	**143,988**	152,234
Loan receivables		**–**	9,600
Amounts due from a director		**12,570**	12,570
Contingent consideration receivables	*15*	**–**	22,000
Bank balances and cash		**45,129**	38,169
		232,135	257,024
Current liabilities			
Trade and other payables	*16*	**105,811**	75,852
Obligation under a finance lease		**1,204**	1,247
Amounts due to a director		**3,200**	–
Amounts due to a related party		**3,387**	9,433
Promissory notes	*17*	**31,775**	–
Borrowings		**–**	12,089
Tax payables		**6,303**	6,037
		151,680	104,658
Net current assets		**80,455**	152,366
Total assets less current liabilities		**141,512**	321,219

	NOTES	2017 HK$'000	2016 HK$'000
Non-current liabilities			
Obligation under a finance lease		**–**	1,204
Promissory notes	*17*	**66,214**	95,468
Deferred tax liabilities		**4,603**	8,549
		70,817	105,221
NET ASSETS		**70,695**	215,998
Capital and reserves			
Share capital	*18*	**1,057**	1,005
Reserves		**80,310**	220,625
Equity attributable to owners of the Company		**81,367**	221,630
Non-controlling interests		**(10,672)**	(5,632)
TOTAL EQUITY		**70,695**	215,998

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2017

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

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

Application of new and revised HKFRSs

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

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

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

New and revised HKFRSs issued but not yet effective

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

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

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

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

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

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

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

HKFRS 9 "Financial Instruments"

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

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

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

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

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

HKFRS 15 "Revenue from contracts with customers"

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

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

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

HKFRS 16 "Leases"

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

The accounting for lessors will not significantly change.

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

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

3. SEGMENT INFORMATION

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

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

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

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

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

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

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

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

Segment profit or loss do not include the following items:

– Other income and gain or loss

– Corporate expenses

– Gain on disposal of subsidiaries

– Finance costs

Segment assets do not include the following items:

– Available-for-sale financial assets

– Other corporate assets

Segment liabilities do not include the following items:

– Promissory notes

– Borrowings

– Obligation under finance leases

– Other corporate liabilities

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

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

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

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

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

Geographical information:

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

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

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

Revenue from major customers:

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

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

* *Sales 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:

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

5. OTHER INCOME AND GAIN OR (LOSS)

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

6. LOSS FOR THE YEAR

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

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

7. FINANCE COSTS

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

8. INCOME TAX CREDIT

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

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

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

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

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$166,789,000 (2016: approximately HK$109,552,000) by the weighted average number of ordinary shares of 5,129,104,438 (2016: 4,724,186,110) in issue for the year ended 31 March 2017.

The weighted average number of ordinary shares for the years ended 31 March 2017 and 2016 for the purpose of calculating basic loss per share has been adjusted for the consolidation of shares on the basis that every two issued and unissued shares being converted into one consolidated share which took place on 30 September 2016.

Diluted loss per share

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

10. DIVIDEND

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

11. GOODWILL

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

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

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

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

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

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

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

12. INTANGIBLE ASSETS

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

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

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

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 Jian Long and refundable in the event that the Proposed Acquisition is terminated or upon the expiry of the MOU. The MOU had expired on 9 October 2014.

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

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

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

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

On 7 August 2014, the Company 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 Sino Grandway.

On 28 June 2016, the above deposits amounting to HK$9,100,000 was refunded to the Company, the directors considered that the remaining deposits were long outstanding and made provision for the deposits of HK$22,900,000.

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, 5 February 2016, 4 May 2016 and 15 July 2016.

(c) Instant Strong Group Limited (Instant Strong)

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

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

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

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

Further details of the Potential Investment are set out in the Company's announcements dated 23 November 2015, 28 January 2016, 1 April 2016, 4 May 2016 and 15 July 2016.

14. TRADE AND OTHER RECEIVABLES

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

Notes:

(a) Trade receivables

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

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

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

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

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

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

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

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

(b) Other receivables

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

As at 31 March 2017, included in other receivables was a refundable deposit for acquisition of subsidiaries amounted to HK$22,900,000 (2016: HK$Nil) were considered to make provision as result of the chance to collect the amounts was low.

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

15. CONTINGENT CONSIDERATION RECEIVABLES

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

The receivables represent the contingent consideration arising from the acquisition of the entire issued share capital of 3 Dynamics on 11 December 2013 (the "Acquisition Date").

Pursuant to the terms of the sale and purchase agreement dated 21 November 2013 ("SPA"), Mr. Chung Wai Sum (the "Vendor") irrevocably and unconditionally warranted and guaranteed to Dynamic Miracle Limited, a wholly-owned subsidiary of the Company (the "Dynamic Miracle") that the audited net profits after tax of 3 Dynamics as shown in its audited financial statements for the 12 months from the date of the completion of acquisition, i.e. for the period from 11 December 2013 to 10 December 2014 (the "Relevant Period") shall not be less than HK$42,000,000 (the "Profit Guarantee"). The Profit Guarantee was secured by 140,000,000 consideration shares ("Escrow Shares") of the Company issued to the Vendor. As certified by the previously auditor of the 3 Dynamics, 3 Dynamics has recorded a net loss after tax in its audited financial statements for the period from 11 December 2013 to 10 December 2014 and was no profit for the Relevant Period pursuant to the SPA. Under the terms and conditions as stipulated in SPA, the Escrow Shares would be sold in order to pay for the Profit Guarantee. During the year ended 31 March 2016, a portion of the Escrow Shares were sold to pay for the Profit Guarantee. An amount of HK$20,000,000 was received by the Group to partially settle the Profit Guarantee obligation of the Vendor. As at 31 March 2017, the balance of HK$22,000,000 was still outstanding for the Profit Guarantee and only 73,870,000 (after adjustment for share subdivision and consolidation) of the Escrow Shares remained as a security for the Profit Guarantee.

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

16. TRADE AND OTHER PAYABLES

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

(a) Trade payables

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

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

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

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

(b) Other payables

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

17. PROMISSORY NOTES

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

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

No issuance of unsecured promissory notes was made during the year ended 31 March 2017. During the year end 31 March 2016, the Company issued unsecured promissory notes with aggregate principal amounts of HK$21,000,000. The proceeds from the issue of promissory notes are 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 the sole discretion to elect to redeem the promissory notes, in whole or in part (in the amounts of not less than HK$1,000,000 or an integral multiple thereof or such other amounts that agreed between the Company and promissory note holders), at a redemption price equal to 100% of the principal amount of the promissory notes, plus accrued and unpaid interest thereon the redemption date.

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

18. SHARE CAPITAL

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

Notes:

(a) By an ordinary resolution passed at the extraordinary general meeting on 22 October 2015, the Company's authorised share capital was increased from HK$1,000,000 divided into 10,000,000,000 ordinary shares of HK$0.001 each to HK$8,000,000 divided into 80,000,000,000 ordinary shares of HK$0.0001 each by the creation of additional 70,000,000,000 ordinary shares of HK$0.0001 each.

(b) Pursuant to an ordinary resolution passed on 29 September 2016, the Company has it every existing 2 issued and unissued shares of HK$0.0001 each consolidated into 1 consolidated share of HK$0.0002 each (the "Share Consolidation"). Upon the Share Consolidation becoming effective, the authorised share capital of the Company became HK$80,000,000,000 divided into 40,000,000,000 ordinary shares of HK$0.0002 each. Based on a total of HK$10,168,112,744 ordinary shares of HK$0.0001 each in issue immediately prior to the Share Consolidation, the issued and fully-paid share capital of the Company became approximately HK$1,017,000 divided into 5,084,056,372 ordinary shares of HK$0.0002 each.

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

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

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

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

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

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

FINANCIAL REVIEW

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

BUSINESS REVIEW

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

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

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

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

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

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

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

Power and Data Cords Business

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

Power Cords and Inlet Sockets for Household Electric Appliances

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

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

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

Power and Data Cords for Mobile Phones and Medical Control Devices

With fierce competition in the sector during the Financial Year, the Group focused on those customer groups generating high profit margins and rigorously controlled its production costs, and the Group's turnover from power and data cords for mobile phones recorded and increase of approximately 3.7% to approximately HK$33.7 million (2016: approximately HK$35.0 million) for the Financial Year.

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

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

Development of Digital Applications

During the Financial Year, the Group's digital applications business operating through its recently acquired subsidiary 3 Dynamics, remained in the stage of development and hence fell short of the turnover and revenue forecasts. Due to this, the Group sustained a loss of approximately HK$34.0 million, not including impairment losses on goodwill and provision for contingent consideration receivables. Notwithstanding the short-term performance outcome, it is anticipated that the business will yield promising revenue contributions to the Group, which will continue to closely monitor and steer the operations of 3 Dynamics towards profitability.

Pursuant to the terms of the sale and purchase agreement dated 21 November 2013 ("SPA"), Mr. Chung Wai Sum (the "Vendor") irrevocably and unconditionally warranted and guaranteed to Dynamic Miracle Limited, a wholly-owned subsidiary of the Company (the "Dynamic Miracle") that the audited net profits after tax of 3 Dynamics as shown in its audited financial statements for the 12 months from the date of the completion of acquisition, i.e. for the period from 11 December 2013 to 10 December 2014 (the "Relevant Period") shall not be less than HK$42,000,000 (the "Profit Guarantee"). The Profit Guarantee was secured by 140,000,000 consideration shares ("Escrow Shares") of the Company issued to the Vendor. As certified by the previously auditor of the 3 Dynamics, 3 Dynamics has recorded a net loss after tax in its audited financial statements for the period from 11 December 2013 to 10 December 2014 and was no profit for the Relevant Period pursuant to the SPA. Under the terms and conditions as stipulated in SPA, the Escrow Shares would be sold in order to pay for the Profit Guarantee. During the year ended 31 March 2016, a portion of the Escrow Shares were sold to pay for the Profit Guarantee. An amount of HK$20,000,000 was received by the Group to partially settle the Profit Guarantee obligation of the Vendor. As at 31 March 2017, the balance of HK$22,000,000 was still outstanding for the Profit Guarantee and only 73,870,000 (after adjustment for share subdivision and consolidation) of the Escrow Shares remained as a security for the Profit Guarantee.

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

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

Natural Gas and Clean Energy Business

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

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

Refined Oil Business

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

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

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

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

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

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

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

Acquisition Activities

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

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

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

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

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

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

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

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

Resignation of Executive Director

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

Changes of independent non-executive Director

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

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

Changes of Company Secretary and Authorised Representative

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

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

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

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

OUTLOOK

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

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

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

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

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

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

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

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

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 ("2017 Annual General Meeting") will be held on Monday, 7 August 2017.

CLOSURE OF REGISTER OF MEMBERS

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

EMPLOYEES' REMUNERATION POLICY

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

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

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

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

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

SHARE CONSOLIDATION

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

SECURITIES IN ISSUE

During the Financial Year,

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

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

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

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

EXPOSURE TO FOREIGN EXCHANGE RISK

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

PLEDGE OF ASSETS

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

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

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

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. The chairman of the Group is Mr. Zou Donghai. The executive Directors namely Mr. Zou Donghai, Mr. Rong Changiun, Mr. Zhang Xueming, Dr. Zheng Jian Peng and Dr. Ho Chun Kit Gregory are responsible on evaluating new potential business opportunities and investment opportunities and formulating and implementing business strategies to enhance the revenue growth of the Company. Hence, a new chief executive officer will not be appointed until suitable candidates have been identified for such purpose.

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

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

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

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") comprises Mr. Lau Sung Tat, Vincent, Ms Eugenia Yang and Mr. Chan Ying Kay, 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 2017 have been agreed by the Group's auditor, Messrs. HLM CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. HLM CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagement 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 Messrs. HLM CPA Limited in 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, 30 June 2017

As at the date of this announcement, the executive Directors are Mr. Zou Donghai, Mr. Rong Changjun, Mr. Zhang Xueming, Dr. Ho Chun Kit Gregory and Dr. Zheng Jian Peng; and the independent non-executive Directors are Ms. Eugenia Yang, Mr. Chan Ying Kay 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.