中油港燃能源集團控股有限公司

CHINA OIL GANGRAN ENERGY GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8132

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2021

The board (the "**Board**") of directors (the "**Directors**") of China Oil Gangran Energy Group Holdings Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries for the year ended 31 March 2021. This announcement, containing the full text of the annual report for the year ended 31 March 2021 of the Company ("**Annual Report**"), complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the "**GEM Listing Rules**") in relation to information to accompany the preliminary announcement of annual results. The printed version of the Annual Report containing the information required by the GEM Listing Rules will be despatched to the shareholders of the Company in due course in the manner required by the GEM Listing Rules.

By order of the Board
China Oil Gangran Energy Group Holdings Limited
Yeung Shing Wai
Executive Director

Hong Kong, 28 June 2021

As at the date of this announcement, the executive Directors are Mr. Rong Changjun (duties suspended), Mr. Zhang Wenrong (duties suspended), Mr. Yuan Beisheng (duties suspended), Mr. Yeung Shing Wai, Mr. Chen Tian Gang, Mr. Li Shu Wang and Mr. Zhang Shao Wu and the independent non-executive Directors are Mr. Chu Kin Ming, Mr. Chiam Tat Yiu, Mr. Chan Wai Cheung Admiral and Mr. Cha Ho Wa.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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.

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.chinaoilgangrans.com.

CHARACTERISTICS OF 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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this annual report (the "Report"), make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of the Report.

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

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CORPORATE INFORMATION

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Flat O, 10/F., Yue Cheung Centre
1-3 Wong Chuk Yeung Street, Fo Tan
New Territories, Hong Kong

COMPANY'S WEBSITES

www.chinaoilgangrans.com

LEGAL ADVISER

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

AUDITOR

HLM CPA Limited
Rooms 1501-8, 15th Floor
Tai Yau Building, 181 Johnston Road
Wanchai, Hong Kong

STOCK CODE

8132

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Rong Changjun *(Vice Chairman) (duties suspended)*
Mr. Zhang Wenrong *(duties suspended)*
Mr. Yuan Beisheng *(duties suspended)*
Mr. Yeung Shing Wai
Mr. Chen Tian Gang
Mr. Li Shu Wang
Mr. Zhang Shao Wu

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chu Kin Ming
Mr. Chiam Tat Yiu
Mr. Chan Wai Cheung Admiral
Mr. Cha Ho Wa

AUDIT COMMITTEE

Mr. Chu Kin Ming *(Chairman)*
Mr. Chiam Tat Yiu
Mr. Chan Wai Cheung Admiral

CORPORATE INFORMATION

NOMINATION COMMITTEE

Mr. Chu Kin Ming *(Chairman)*
Mr. Chiam Tat Yiu
Mr. Chan Wai Cheung Admiral
Mr. Cha Ho Wa

REMUNERATION COMMITTEE

Mr. Chiam Tat Yiu *(Chairman)*
Mr. Chu Kin Ming
Mr. Chan Wai Cheung Admiral
Mr. Cha Ho Wa

COMPANY SECRETARY

Mr. Chan Tsang Mo

AUTHORISED REPRESENTATIVES

Mr. Yeung Shing Wai
Mr. Chan Tsang Mo

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited

THE PRINCIPAL SHARE REGISTRAR IN THE CAYMAN ISLANDS

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

BRANCH SHARE REGISTRAR AND TRANSFER AGENT IN HONG KONG

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The revenue of the Company and its subsidiaries (collectively the "Group") during the year ended 31 March 2021 (the "Financial Year") was approximately HK$110.7 million, an increase of about 73.0% from approximately HK$64.0 million in the corresponding period last year. This was mainly attributable to the introduction of new products, namely headsets for adults and kids and hospital room control hub, since the fourth quarter of the year ended 31 March 2020. Loss attributable to owners of the Company was approximately HK$38.0 million, an increase of 19.1% from approximately HK$31.9 million last year. The increase in loss was primarily due to (i) the impairment of intangible assets of approximately HK$12.8 million (2020: Nil); and (ii) the decrease of the share based payment expenses by approximately HK$7.0 million as compared to the corresponding period last year.

DECONSOLIDATION OF SUBSIDIARIES LOST CONTROL

On 1 January 2019, the date when the Group lost control of 江西中油港燃能源科技有限責任公司 (transliterated as "Jiangxi China Oil Gangran Energy Technology Company Limited"), 舟山中油港燃石油化工有限公司 (transliterated as "Zhoushan China Oil Gangran Petroleum and Chemical Company Limited"), 江西港燃貿易有限公司 (transliterated as "Jiangxi Gangran Trading Company Limited") and 吉林中油港燃能源開發有限公司 (transliterated as "Jilin China Oil Gangran Energy Development Company Limited") (collectively, "Deconsolidated Subsidiaries"), which were the subsidiaries of the Company which engaged the refined oil retail business and trading of methyl tert-butyl ether. Hence, the Group no longer consolidated the financial position and performance of the Deconsolidated Subsidiaries since 1 January 2019 (the "Deconsolidation of Subsidiaries").

FORMATION OF THE SPECIAL INVESTIGATION COMMITTEE

On 18 December 2020, the special investigation committee (the "SIC"), initially comprising all the independent non-executive Directors, namely Mr. Chu Kin Ming, Mr. Chiam Tat Yiu, Mr. Chan Wai Cheung Admiral and Mr. Cha Ho Wa, has been established pursuant to a resolution of the Board for the purpose of, among other things, investigating and reporting on various matters and events leading to and/or otherwise relating to the Deconsolidation of Subsidiaries. Mr. Cha Ho Wa has been appointed as the chairman of the SIC. The SIC may also appoint other professional advisers to assist in its investigation.

FORENSIC INVESTIGATION IN RELATION TO THE DECONSOLIDATION OF SUBSIDIARIES

On 18 December 2020, the Company has engaged Frank Forensic and Corporate Recovery Limited ("Frank Forensic"), an independent professional firm, to undertake the forensic investigation in relation to the Deconsolidation of Subsidiaries. The scope of work of the forensic investigation will include, among others, the following: (i) to identify any potential breach of fiduciary duties of the directors of the Group in relation to the loss of books and records and the loss of control of the Deconsolidated Subsidiaries; (ii) to investigate the cause of the loss of control of the Deconsolidated Subsidiaries; and (iii) to present their findings on items (i) and (ii) in a report (the "Forensic Investigation Report") to be addressed to the SIC. On 25 May 2021, the Company received the Forensic Investigation Report from Frank Forensic. Details of which are set out in the announcement of the Company dated 25 May 2021.

BUSINESS REVIEW

During the Financial Year, the Group was principally engaged in the following businesses: (i) power and data cords business; (ii) trading of refined oil and chemicals business; and (iii) trading of commodities.

In terms of the geographical market performance, the United States and the PRC contributed to approximately 16.5% (2020: approximately 28.8%) and approximately 52.5% (2020: approximately 45.4%) of the Group's total revenue respectively, while the remaining approximate 31.0% (2020: approximately 25.8%) came from its other markets.

POWER AND DATA CORDS BUSINESS

The three key product groups for power and data cords business were (i) power and data cords for mobile handsets and personal care products; (ii) medical control devices; and (iii) power cords and inlet sockets for household electric appliances. Each product group has its own types of products. During the Financial Year, the Group manufactured over 40 types of power and data cords for mobile handsets and personal care products, and over 450 types of power cords and inlet sockets for household electric appliances. The Group will also continue to involve in the assembly and sale of medical control devices, which are primarily used by patients in hospital wards and the related accessories.

(i) Power and data cords for mobile handsets and personal care products

Power and data cords for mobile handsets and personal care products consist of 2-pin cables and connectors and are generally used for power charging to mobile handset and personal care products. The diameters of stranded copper wires are ranged from 0.26 mm to 2.4 mm and carry low voltage electricity of up to three amperes. In accordance with its customers' specifications, the Group manufactures over 40 different types of power and data cord for mobile handsets and personal care products.

During the Financial Year, the Group's revenue from power and data cords for mobile phones was approximately HK$57.2 million (2020: approximately HK$28.4 million), representing a year-on-year increase of approximately 101.4%. The increase was due to the introduction of new products, headsets for adults and kids, since the fourth quarter of the financial year ended 31 March 2020.

(ii) Medical control devices

Medical control device is a bedside multi-function device for patients in wards. The medical control device products of the Group consist of pillow speaker, bed control, bed cable and call cord. Pillow speaker could be produced with different specifications from simple version of 1-button pillow speaker capable for emergency communication and lighting control functions to advanced version of 26-button pillow speaker capable for emergency communication, television, and lighting temperature control in a ward. The pillow speakers sold by the Group are in the form of dismantled parts and components including all necessary components for a pillow speaker such as power cable, PCB and plastic body etc. for further assembly by customers after delivery. Materials used for the manufacturer of medical control device are sourced by the Group based on the requirements of, and have been approved by, its customer, which is a medical equipment manufacturer in the United States. Although the Group will occasionally provide advice and input, the design of the medical control device originates from the customer who will closely monitor and have overall control and the ultimate decision on matters relating to the design, use of materials and ultimate assembly of medical control devices. All parts and components of the medical control devices manufactured by the Group's medical control device products were exported to the customer for further assembly and processing into its final products for sales to hospitals and clinics. Testing will also be conducted by the customer to ensure the final products comply with the relevant US regulatory requirements.

During the Financial Year, the Group's revenue from medical control devices was approximately HK$49.0 million (2020: approximately HK$30.3 million), representing a year-on-year increase of approximately 61.7%, which was due to the new products, hospital room control hub, introduced since the fourth quarter in the financial year ended 31 March 2020.

(iii) Power cords and inlet sockets for household electric appliances

Power cords for household electric appliances are generally non-halogen free and carry normal voltage electricity up to 250 volt. Different countries have different safety, power voltage and environmental standards for household electric appliances and there are more than 10 types of sockets in widespread use around the world. Plugs with different number of prongs on power cords are used in different countries. For instance, the European Union standard plugs manufactured by the Group are mainly 250 volt plugs with cylindrical prongs while the US standard plugs manufactured by the Group are 125 volt plugs with strip-like prongs. Some of the Group's power cords and inlet sockets for household electric appliances with safety approvals and/or certificates such as CSA, VDE, PSE, ASTA, CCC bear the trademark "SUN FAIR". Some of the Group's products meet eleven types of international safety standards including UL, CSA, VDE, NEMKO, SEMKO, FIMKO, SEV, DEMKO, OVE, KEMA, CCC, and ENEC.

During the Financial Year, the Group's revenue from power cords and inlet sockets for household electric appliances was approximately HK$4.5 million (2020: approximately HK$5.2 million), representing a year-on-year decrease of approximately 13.5% due to fierce market competition in this sector.

TRADING OF COMMODITIES

The Group's trading of commodities mainly included the trading of mobile smart phones, glassed and other commodities.

There was no Group's revenue from the trading of commodities (2020: approximately HK$0.1 million) for the Financial Year.

TRADING OF REFINED OIL AND CHEMICALS BUSINESS

Due to the deconsolidation of the financial position and performance for the Deconsolidated Subsidiaries since 1 January 2019, no revenue was recorded during the Financial Year (2020: Nil).

The Group continued to explore opportunities in the clean energy segment. A legally binding consultancy contract was signed between the Group and a gas company in March 2020 for a term of one year from March 2020 to March 2021 whereby the Group will provide strategic consultancy services regarding the plan and development of the customer's energy business. The Group estimated revenue and gross profit from this contract amount to approximately HK$2.2 million and HK$2.2 million respectively. The contract with the said gas company has started in May 2020 but due to the outbreak of the COVID-19 pandemic, completion of the contract is expected to be delayed to August 2021.

Further, a legally binding liquefied natural gas supply contract was signed between the Group and an energy company in March 2020 pursuant to which the Group will provide liquefied natural gas to the customer during the period from July 2020 to December 2020. It is expected that the Group will supply approximately 20,000 tonnes of liquefied natural gas to the said gas company during the contract period. The contract with the said gas company is expected to commence after the resumption of trading of the shares as the Board considered that it would be in the interest of the Company and the shareholders as a whole to prioritise and place the Group's financial resources, as well as management and business resources, to focus on the power and data cords business, which generally has higher profit margin and sustainable revenue growth after taking into consideration of (i) the current business operations and financial position of the Group; and (ii) the impacts from the COVID-19 pandemic which is beyond the Group's control. The management of the Group is currently in negotiation with the said gas company to extend the contract period, which is expected to commence in July 2021.

FUNDRAISING ACTIVITIES

SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE

The Company entered into a subscription agreement on 23 December 2020 and a supplemental agreement on 15 March 2021 with the subscribers pursuant to which the Company has conditionally agreed to allot and issue, and the subscribers have conditionally agreed to subscribe for, 1,900,099,090 subscription shares (as to 1,501,078,281 subscription shares by the first subscriber, 326,247,014 subscription shares by the second subscriber and 72,773,795 subscription shares by the third subscriber), at the subscription price of HK$0.01941712 per subscription share. For details, please refer to the announcements of the Company dated 23 December 2020 and 15 March 2021 and the circular of the Company dated 19 March 2021.

All the conditions to the subscription agreement have been fulfilled, completion of the subscriptions took place on 25 June 2021. An aggregate of 1,900,099,090 subscription shares (as to 1,501,078,281 subscription shares by the first subscriber, 326,247,014 subscription shares by the second subscriber and 72,773,795 subscription shares by the third subscriber) have been successfully allotted and issued by the Company to the subscribers in accordance with the terms of the subscription agreement.

SUBSCRIPTION OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE

The Company entered into a convertible bonds subscription agreement on 23 December 2020 and a supplemental agreement on 15 March 2021 with the subscribers pursuant to which the Company has conditionally agreed to issue, and the subscribers have conditionally agreed to subscribe for, the convertible bonds in the aggregate principal amount of HK$3,105,556.91 (as to HK$2,453,389.96 to the first subscriber, HK$533,224.12 to the second subscriber and HK$118,942.83 to the third subscriber). For details, please refer to the announcements of the Company dated 23 December 2020 and 15 March 2021 and the circular of the Company dated 19 March 2021.

All the conditions to the convertible bonds subscription agreement have been fulfilled, completion of the convertible bonds subscriptions took place on 25 June 2021. The convertible bonds in the aggregate principal amount of HK$3,105,556.91 (as to HK$2,453,389.96 to the first subscriber, HK$533,224.12 to the second subscriber and HK$118,942.83 to the third subscriber) have been successfully issued by the Company to the subscribers in accordance with the terms of the convertible bonds subscription agreement.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The table below illustrates the shareholding structure of the Company (i) immediately before completion; (ii) immediately after completion; (iii) immediately after completion and issue of the creditors' shares (assuming there is no change in the issued share capital of the company other than the issue of all the subscription shares and the creditors' shares); and (iv) immediately after completion, issue of the creditors' shares and conversion of the conversion bonds (subject to the public float requirement) in full (assuming there is no change in the issued share capital of the Company other than the issue of all the subscription shares, the creditors' shares and the conversion shares as well as the full exercise of the outstanding share options under the share option scheme).

Shareholders	Immediately before completion		Immediately after completion		Immediately after completion and issue of the creditors' shares (assuming there is no change in the issued share capital of the Company other than the issue of all the subscription shares and the creditors' shares)		Immediately after completion, issue of the creditors' shares and conversion of the conversion bonds (subject to the public float requirement) in full (assuming there is no change in the issued share capital of the Company other than the issue of all the subscription shares, the creditors' shares and the conversion shares as well as the full exercise of the outstanding share options under the share option scheme) *(Note 7)*	
	Number of shares	Approximate %	Number of shares	Approximate %	Number of shares	Approximate %	Number of shares	Approximate %
First subscriber (Note 1)	–	–	1,501,078,281	65.83%	1,501,078,281	59.25%	1,572,377,085	58.98%
Second subscriber (Note 2)	–	–	326,247,014	14.31%	326,247,014	12.88%	341,743,222	12.82%
Third subscriber (Note 3)	–	–	72,773,795	3.19%	72,773,795	2.87%	76,230,433	2,86%
First subscriber and parties acting in concert with it	–	–	1,900,099,090	83.33%	1,900,099,090	75.00%	1,990,350,740	74,65%
Mr. Rong Changjun (Note 4)	–	–	–	–	–	–	3,000,000	0.11%
Mr. Yuan Beisheng (Note 5)	–	–	–	–	–	–	3,500,000	0.13%
Mr. Zhang Wenrong (Note 6)	–	–	–	–	–	–	3,000,000	0.11%
Creditors	42,920,000	11.29%	42,920,000	1.89%	296,266,545	11.69%	296,266,545	11.11%
Public shareholders	337,099,818	88.71%	337,099,818	14.78%	337,099,818	13.31%	370,350,368	13.89%
Total	380,019,818	100.00%	2,280,118,908	100.00%	2,533,465,453	100.00%	2,666,467,653	100.00%

Notes:

1. The first subscriber is a company incorporated in Hong Kong with limited liability and is beneficially owned as to 36% by Mr. Sun Jiusheng, 32% by Ms. Zhou Jing and 32% by Mr. Zhang Chao. Under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"), each of Mr. Sun Jiusheng, Ms. Zhou Jing and Mr. Zhang Chao is deemed to be interested in all the shares held by the first subscriber.

2. The second subscriber is a company incorporated in Hong Kong with limited liability and is beneficially owned as to 40% by Mr. Cheung Yuen Chau, 46.67% by Mr. David Chu, 6.67% by Ms. Tsang Siu Lan and 6.66% by Ms. Ip Tsang Katherine Man Tung. Ms. Tsang Siu Lan is the spouse of Mr. David Chu. Under the SFO, each of Mr. Cheung Yuen Chau, Mr. David Chu, Ms. Tsang Siu Lan and Ms. Ip Tsang Katherine Man Tung is deemed to be interested in all the shares held by the second subscriber.

3. The third subscriber is a company incorporated in the British Virgin Islands with limited liability and is beneficially wholly-owned by Ms. To Sau Man. Under the SFO, Ms. To Sau Man is deemed to be interested in all the shares held by the third subscriber.

4. Mr. Rong Changjun (duties suspended) is an executive Director and is the holder of 3,000,000 share options of the Company as at the date of this report.

5. Mr. Yuan Beisheng (duties suspended) is an executive Director and is the holder of 3,500,000 share options of the Company as at the date of this report.

6. Mr. Zhang Wenrong (duties suspended) is an executive Director and is the holder of 3,000,000 share options of the Company as at the date of this report.

7. As at the date of this report, there are 42,750,550 outstanding share options granted by the Company pursuant to the share option scheme. Based on the conversion price of HK$0.01941712 per conversion share, a maximum number of 159,939,150 conversion shares (as to 126,351,929 conversion shares by the first subscriber, 27,461,552 conversion shares by the second subscriber and 6,125,664 conversion shares by the third subscriber) will be allotted and issued under the mandatory conversion mechanism. In order to maintain the public float of the shares to be not less than 25% of the issued shares of the Company, the Company will only be able to allot and issue a maximum number of 90,251,650 conversion shares (as to 71,298,804 conversion shares by the first subscriber, 15,496,208 conversion shares by the second subscriber and 3,456,638 conversion shares by the third subscriber).

THE CREDITORS' SCHEMES

It is proposed that the creditors' schemes will be implemented as follows:

(i) a cash payment of approximately HK$20 million, being part of the proceeds from the subscriptions, will be transferred to the creditors' schemes and held by a scheme company for distribution (after making a reserve for the settlement of the scheme cost) to the creditors subject to adjudication;

(ii) the Company will allot and issue 253,346,545 creditors' shares for the benefit of the creditors. The creditors' shares will be issued by the Company to the scheme administrators or a scheme company or such other nominee(s) for distribution to the creditors subject to adjudication; and

(iii) the Company will transfer its claims, rights to claims, rights to any assets and the entire equity interests of the Deconsolidated Subsidiaries to another scheme company at a cash consideration of HK$1. After such transfer, dividend distributed by such subsidiaries or recovery from those subsidiaries, if any, will be distributed for the benefit of the creditors subject to adjudication.

The cash payment of approximately HK$20 million, the creditors' shares as well as any receivables from the realisation of the Deconsolidated Subsidiaries will be applied for the settlement of the scheme cost and as full and final settlement of the creditors' schemes to the creditors.

The Cayman court sanctioned the Cayman scheme by order dated 21 May 2021. A copy of the sealed sanction order was registered with the Cayman Islands Registrar of Companies on 21 May 2021. The Hong Kong Court sanctioned the Hong Kong scheme at the hearing on 26 May 2021. A copy of the sealed sanction order was delivered to the Registrar of Companies in Hong Kong for registration on 27 May 2021. Accordingly, the creditors' schemes have become effective.

DISMISSAL OF THE HONG KONG PETITION, WITHDRAWAL OF THE CAYMAN PETITION AND DISCHARGE OF THE PROVISIONAL LIQUIDATORS

The Hong Kong petition was dismissed by the Hong Kong Court at the hearing on 26 May 2021. Pursuant to a sealed order of the Cayman Court dated 25 May 2021 which filed on 27 May 2021 (Cayman time), the Cayman petition against the Company was withdrawn. In the same order, the provisional liquidators were also discharged and released as provisional liquidators of the Company.

FULFILMENT OF ALL RESUMPTION CONDITIONS AND RESUMPTION OF TRADING

As the resumption conditions imposed by the Stock Exchange has been fulfilled on 25 June 2021, the Company's shares were resumed for trading with effect from 1:30 p.m. on 28 June 2021. Details of which are set out in the announcement dated 25 June 2021.

OUTLOOK

During the Financial Year, the global economic environment is still deeply fluctuating. The medium-to-long-term economic growth of the United States has slowed down. Falling commodity price, the declining global industrial output and depressed trading added to the uncertainties. Despite the challenging macro-economic conditions, the Group recorded an 73.0% increase in revenue as compared to last year due to the introduction of new products since the fourth quarter of the financial year ended 31 March 2020. The Group will continue to look for business opportunities in order to increase the revenue and profit of existing products and will expand its business by introducing new products.

Despite the Deconsolidation of Subsidiaries, the Group currently intends to continue the operation of the trading of refined oil and chemicals business but will take a conservative approach with regards to any development and/or expansion plans for this business segment. After conducting a detailed review of the business operations and financial position of the Group for the purpose of developing a sustainable business plan or strategy for the Group, the Board considered that it would be in the interest of the Company and its shareholders to place its financial resources, as well as management and business focus on the power and data cords business, yet will continue to explore business opportunities in trading of refined oil and chemicals business.

THE VIEW OF THE AUDITORS ON HOW AND WHETHER THE AUDIT QUALIFICATIONS FOR THE YEAR ENDED 31 MARCH 2020 ARE ADDRESSED

As communicated with the auditors, since the proposed restructuring was completed on 25 June 2021 and the resumption of trading of the Company's shares took place before the issue of the auditor's report in respect of the annual results of the Group for the year ended 31 March 2021, the auditors confirm that the audit qualifications relating to (i) material uncertainties relating to the going concern basis, the HK$22.5 million trade deposits and HK$12.8 million prepayments were removed in year ended 31 March 2021; (ii) all contingent liabilities and commitments of the Deconsolidated Subsidiaries will be removed in the year ending 31 March 2022; and (iii) opening balances and corresponding figures of the financial statements will be removed in the year ending 31 March 2023. As such, all audit qualifications for the year ended 31 March 2020 are expected to be removed in the auditor's report in respect of the financial results of the Group for the year ending 31 March 2023.

ADDRESSING ALL CONCERNS RAISED BY THE COMPANY'S AUDITORS

In the audited report of the Company for the year ended 31 March 2021, the Company's auditors issued disclaimer of opinion in the following matters, please refer to the auditor's report for full explanation:

1. CONTINGENT LIABILITIES AND COMMITMENTS OF DECONSOLIDATED SUBSIDIARIES

Due to the loss of books and records and the loss of control of the Deconsolidated Subsidiaries, the Deconsolidated Subsidiaries were deconsolidated from the Group's consolidated financial statements with effect from 1 January 2019. In light of above, the auditors had not been able to obtain a complete set of books and records on the Deconsolidated Subsidiaries to assess any commitment and contingent liabilities associated with the Deconsolidated Subsidiaries which may have significant impact on the Group. As a result, the auditors issued a disclaimer of opinion in respect of contingent liabilities and commitment associated with the Deconsolidated Subsidiaries.

Under the creditors' scheme, the Company would transfer its claims, rights to claims, rights to any assets and the entire equity interests of the Deconsolidated Subsidiaries to Wilson Limited, being a Scheme Company, at a cash consideration of HK$1. After such transfer, dividend distributed by such subsidiaries or recovery from those subsidiaries, if any, would be distributed for the benefit of the creditors subject to adjudication.

Given that completion of the proposed restructuring took place on 25 June 2021, the Company expects that all contingent liabilities and commitment of the Deconsolidated Subsidiaries will be removed from the Group in the year ending 31 March 2022. Therefore, this audit qualification will be removed in the annual results announcement and annual report of the Company for the year ending 31 March 2022.

2. OPENING BALANCES AND CORRESPONDING FIGURES

The auditors issued a disclaimer of opinion in respect of the Group's opening balances and correspondence figures due to the disclaimed audit opinion on the consolidated financial statements of the Group for the year ended 31 March 2020. Since there is a disclaimer of opinion in respect of contingent liabilities and commitment associated with the Deconsolidated Subsidiaries for the year ended 31 March 2021, the opening balances and corresponding figures included in the Group's consolidated financial statements will remain to be qualified for the year ending 31 March 2022 but will be removed for the year ending 31 March 2023.

EMPLOYEES' REMUNERATION POLICY

As at 31 March 2021, the Group employed 115 (2020: 112) 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 recognise significant staff contributions. During the Financial Year, no share options (2020: 35,700,000) were issued to eligible participants under the Company's share option scheme. Total staff costs, inclusive of Directors' remuneration, for the Financial Year amounted to approximately HK$10.9 million (2020: approximately HK$19.4 million).

DIVIDENDS

The Board resolved not to recommend any dividend for the year ended 31 March 2021 (2020: Nil).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2021, the aggregate carrying value of the Group's indebtedness was approximately HK$143.6 million (2020: approximately HK$138.6 million), which comprised promissory notes, bank borrowing, interest-bearing bond, other loan and convertible notes. The indebtedness was denominated in Hong Kong dollars. As at 31 March 2021, the Group maintained bank and cash balances of approximately HK$11.8 million (2020: approximately HK$10.1 million).

As at 31 March 2021, the Group's gearing ratio was approximately 757.8% (2020: 311.6%). This was based on the division of the Group's total indebtedness by the aggregate amount of total indebtedness and total equity.

In order to ensure that the Company has sufficient authorised but unissued share capital for allotment and issue of 1,900,099,090 subscription shares under the subscriptions, 90,251,650 conversion shares under the convertible bonds subscriptions and 253,346,545 creditors shares under the creditors' schemes, as well as to accommodate future expansion and growth of the Group and to provide the Company with greater flexibility to raise funds by allotting and issuing Shares in the future as and when necessary, the Company proposed to increase the authorised share capital of the Company from HK$8,000,000 divided into 2,000,000,000 shares to HK$40,000,000 divided into 10,000,000,000 shares by the creation of an additional 8,000,000,000 new shares (the "Increase in Authorised Share Capital"), which shall rank pari passu with the existing shares in all respects upon issue. the Increase in Authorised Share Capital has been approved at the extraordinary general meeting held on 22 June 2021. Accordingly, the authorised share capital of the Company has been increased to HK$40,000,000 divided into 10,000,000,000 Shares with effect upon passing of the resolution on 22 June 2021.

SECURITIES IN ISSUE

During the Financial Year, there was no change in the issued share capital of the Company.

EXPOSURE TO FOREIGN EXCHANGE RISK

As the Group operates principally in Hong Kong and the PRC, its exposure to foreign currency risk is minimal as most of its business transactions, assets and liabilities are principally denominated in the functional currency of the group entities. 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

The pledge of assets of the Group as at 31 March 2021 are set out in note 35 to the consolidated financial statements.

SIGNIFICANT INVESTMENTS AND DISPOSALS

The Group had no significant investments and disposals, nor has it made any material acquisition or disposal of the Group's subsidiaries or affiliated companies during the Financial Year.

COMMITMENTS

The Group's commitments as at 31 March 2021 are set out in note 34 to the consolidated financial statements.

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 31 March 2021 (2020: Nil).

SEGMENT INFORMATION

Details of the segment information are set out in note 10 to the consolidated financial statements.

REPORT OF THE DIRECTORS

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

BUSINESS REVIEW

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

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The subsidiaries of the Company and their activities are set out in note 41 to the consolidated financial statements.

An analysis of the Group's performance for the Financial Year by operating segment is set out in note 10 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The results and financial position of the Group for the Financial Year are set out in the Group's consolidated financial statements on pages 65 to 151 of this annual report.

The Directors do not recommend the payment of dividend for the Financial Year.

SHARE CAPITAL

Details of the Company's share capital is set out in note 31 to the consolidated financial statements.

RESERVES

Movements in the reserves of the Group and of the Company during the Financial Year are set out in the consolidated statement of changes in equity on page 69 and note 40 to the consolidated financial statements respectively.

PROPERTY, PLANT AND EQUIPMENT

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

DISTRIBUTABLE RESERVES

As at 31 March 2021, the Company did not have reserves available for distribution (2020: did not have reserves available for distribution).

SUBSIDIARIES

Particulars of the Company's subsidiaries as at 31 March 2021 are set out in note 41 to the consolidated financial statements.

EQUITY LINKED AGREEMENTS

SHARE OPTIONS GRANTED TO AND EXERCISED BY DIRECTORS, SELECTED EMPLOYEES AND CONSULTANTS

Details of the share options are set out in note 32 of the consolidated financial statements and "Share Option Scheme" section contained in this Directors' Report.

During the Financial Year, no share options have been exercised and no share options have been granted.

PRE-EMPTIVE RIGHTS

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

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

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

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 152 of the Report.

SHARE OPTION SCHEME

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

The Scheme became effective on 27 April 2011 and, unless otherwise cancelled or amended, will remain in force for 10 years from the adoption of the Scheme. The terms of the Scheme are in compliance with the provisions of Chapter 23 of the GEM Listing Rules. Pursuant to the terms of the Scheme, it shall be valid and effective for a period of ten years from its date of adoption until 26 April 2021. Pursuant to the terms of the Scheme, no further share options will be granted thereunder after the expiry of the Scheme but in all other respects the provisions of the Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any share options granted thereunder (if any) prior to such expiry or otherwise as may be required in accordance with the provisions of the Scheme, and all share options granted thereunder (if any) prior to such expiry shall continue to be exercisable subject to and in accordance with their terms of grant. The Company may adopt a new share option scheme in the future, subject to approval of the Shareholders according to the articles of associations of the Company.

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

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

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

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

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

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

As at 31 March 2021, a total of 53,313,050 option shares were still outstanding under the scheme, which represents approximately 14.0% of the issued ordinary shares of the Company.

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

Grantee	Date of grant	Exercise price (Note 2)	Exercise period of share options	Outstanding as at 1 April 2020 (Note 1)	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period	Outstanding as at 31 March 2021	Market value per share immediately before the date of grant of options (Note 2)	Weighted average closing price per share immediately before the date of exercise of options	Approximate % of the Company's total issued share capital as at 31 March 2021
Executive Directors:											
Rong Changjun	21 April 2017	HK$2.52	21 April 2017 – 20 April 2020	2,640,000	–	–	(2,640,000)	–	HK$2.4	–	–
	16 April 2019	HK$0.36	16 April 2019 – 15 April 2022	3,000,000	–	–	–	3,000,000	HK$0.36	–	0.79%
Yuan Beisheng	16 April 2019	HK$0.36	16 April 2019 – 15 April 2022	3,500,000	–	–	–	3,500,000	HK$0.36	–	0.92%
Zhang Wenrong	16 April 2019	HK$0.36	16 April 2019 – 15 April 2022	3,000,000	–	–	–	3,000,000	HK$0.36	–	0.79%
Ex-executive Directors:											
Hui Sai Ha	16 April 2019	HK$0.36	16 April 2019 – 5 July 2021	3,500,000	–	–	–	3,500,000	HK$0.36	–	0.92%
Zou Donghai	16 April 2019	HK$0.36	16 April 2019 – 25 November 2020	3,800,000	–	–	(3,800,000)	–	HK$0.36	–	–
Zheng Jian Peng	16 April 2019	HK$0.36	16 April 2019 – 25 November 2020	3,800,000	–	–	(3,800,000)	–	HK$0.36	–	–
Other Categories:											
Consultants in aggregate	10 October 2013	HK$7.82	10 October 2013 – 9 October 2023	1,375,000	–	–	–	1,375,000	HK$7.6	–	0.36%
	13 January 2014	HK$6.28	13 January 2014 – 12 January 2024	2,750,000	–	–	–	2,750,000	HK$6.16	–	0.72%
	14 July 2014	HK$5.12	14 July 2014 – 13 July 2024	3,850,000	–	–	–	3,850,000	HK$5.2	–	1.01%
	21 August 2014	HK$4.52	21 August 2014 – 20 August 2024	1,375,000	–	–	–	1,375,000	HK$4.8	–	0.36%
	16 February 2015	HK$3.28	16 February 2015 – 15 February 2025	2,179,350	–	–	–	2,179,350	HK$3.4	–	0.57%
	17 March 2015	HK$3.68	17 March 2015 – 16 March 2025	3,121,200	–	–	–	3,121,200	HK$3.52	–	0.82%
	11 April 2018	HK$1.04	11 April 2018 – 10 April 2021	2,112,500	–	–	–	2,112,500	HK$0.92	–	0.56%
	16 April 2019	HK$0.36	16 April 2019 – 15 April 2022	11,000,000	–	–	–	11,000,000	HK$0.36	–	2.89%
Employees	11 April 2018	HK$1.04	11 April 2018 – 10 April 2021	8,450,000	–	–	–	8,450,000	HK$0.92	–	2.22%
	16 April 2019	HK$0.36	16 April 2019 – 15 April 2022	4,100,000	–	–	–	4,100,000	HK$0.36	–	1.08%

Note:

1. Save for the share options granted on 16 April 2019, the number of underlying shares comprised in outstanding share options has been adjusted as a result of the share subdivision and/or the share consolidation becoming effective on 25 March 2014, 30 September 2016 and 29 November 2018.

2. Save for the share options granted on 16 April 2019, the exercise price and the market value per share immediately before the date of grant of options of the outstanding share options is subject to adjustment of the share subdivision and/or the share consolidation becoming effective on 25 March 2014, 30 September 2016 and 29 November 2018.

REPORT OF THE DIRECTORS

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

As at the date of the Report, the total number of the shares of the Company (the "Shares") available for issue under the Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the Shares in issue of the Company on the day on which trading of the Shares commenced on the Stock Exchange, i.e. 35,712,281 (after the share consolidation becoming effective on 29 November 2018) representing 10% of the issued share capital of the Company as at the date of the approval on the refreshment of 10% limit of annual general meeting on 31 August 2018.

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

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

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

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

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

DIRECTORS OF THE COMPANY

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

Executive Directors

Mr. Rong Changjun *(Vice Chairman)*
Mr. Zhang Wenrong
Mr. Yuan Beisheng
Ms. Hui Sai Ha (resigned on 5 October 2020)
Mr. Yeung Shing Wai
Mr. Chen Tian Gang
Mr. Li Shu Wang
Mr. Zhang Shao Wu

Independent Non-Executive Directors

Mr. Chu Kin Ming
Mr. Chiam Tat Yiu
Mr. Chan Wai Cheung Admiral
Mr. Cha Ho Wa (appointed on 7 December 2020)

DIRECTORS' SERVICE CONTRACTS

The Company has entered into a service agreement with each of Mr. Yeung Shing Wai, Mr. Chen Tian Gang, Mr. Li Shu Wang and Mr. Zhang Shao Wu on 16 February 2020, 5 March 2020, 9 March 2020 and 9 March 2020 respectively. The terms and conditions of each of such service agreements are similar in all material respects. Each of Mr. Yeung Shing Wai, Mr. Chen Tian Gang, Mr. Li Shu Wang and Mr. Zhang Shao Wu was appointed as an executive Director for a term of three years commencing from the respective date of their service agreements, which may be terminated by the Company or the relevant executive Director giving to the other not less than one month's prior notice in writing. Each of Mr. Yeung Shing Wai, Mr. Chen Tian Gang, Mr. Li Shu Wang and Mr. Zhang Shao Wu is entitled to a monthly salary of HK$20,000 on a twelve months' basis with discretionary bonus. The discretionary bonus will be determined by the Board with reference to the Company's performance and the relevant Director's individual overall performance as a Director, and there is no formula for calculating the discretionary bonus under the service agreement. In light of the financial conditions of the Group, the Company and each of Mr. Yeung Shing Wai, Mr. Chen Tian Gang, Mr. Li Shu Wang and Mr. Zhang Shao Wu subsequently agreed to reduce the Directors' monthly salary from HK$20,000 to HK$10,000 with retrospective effect from the respective date of their service agreement. Each of their appointment as an executive Director will be subject to retirement by rotation and re-election of the Company in accordance with the articles of association of the Company.

Save as disclosed above, none of the Directors who are proposed for re-election at the annual general meeting to be held in 2021 has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

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

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

EMOLUMENTS OF THE DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Please refer to note 14 to the consolidated financial statements for details of the emoluments of the Directors and the five highest paid individuals of the Company.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

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

EXECUTIVE DIRECTORS

Mr. Rong Changjun ("Mr. Rong"), aged 60, was appointed as the Vice Chairman and an Executive Director of the Company on 1 December 2014. Mr. Rong has attended Lanzhou University and holds a Master Degree in Economic Law. Mr. Rong is a senior professional in the construction industry. He is a Chartered Builder of the Chartered Institute of Building, a National Registered Constructor and a professor-level senior engineer. Mr. Rong has over 38 years of management and operation experience in the construction industry. He was the general manager of China Construction Eighth Engineering Division East China Sea Development and Construction Corporation (中國建築第八工程局東海開發建設總公司) and the deputy Director of China Construction Eighth Engineering Division (中國建築第八工程局). He is currently the chairman of China Construction International Corporation (中國對外建設總公司).

Mr. Zhang Wenrong ("Mr. Zhang"), aged 65, was appointed as Executive Director of the Company on 23 October 2018, joined PetroChina Company Limited ("PetroChina"), a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (stock code: 857) and the Shanghai Stock Exchange (stock code: 601857), in August 1981. From August 1981 to January 2018, Mr. Zhang has been assigned to various subsidiaries of PetroChina. Mr. Zhang was employed by 新疆塔里木石油勘探開發指揮部有限公司 (Xinjiang Tailimu Oil Exploration and Development Command Co., Ltd.*) as a senior management from February 1990 to August 1999. He was the director of integrated management division of 中國石油天然氣股份有限公司西北銷售分公司 (China Petroleum and Natural Gas Co., Ltd. Northwest Sales Branch*) from August 1999 to August 2001, the general manger and party committee secretary of 中國石油天然氣股份有限公司湖北銷售分公司 (China Petroleum and Natural Gas Co., Ltd. Hubei Sales Branch*) from August 2001 to December 2008, the general manager and party committee secretary of 中國石油天然氣股份有限公司貴州銷售分公司 (China Petroleum and Natural Gas Co., Ltd. Guizhou Sales Branch*) from December 2008 to December 2012 and the general manager and party committee secretary of 中國石油天然氣股份有限公司江西銷售分公司 (China Petroleum and Natural Gas Co., Ltd. Jiangxi Sales Branch*) from December 2012 to January 2018, where he was mainly responsible for sales and business development. Mr. Zhang has over 30 years of experience in the oil and gas industry.

Mr. Yuan Beisheng ("Mr. Yuan"), aged 43, was appointed as Executive Director of the Company on 22 November 2018, holds a graduation certificate for completing an investment course from the School of Continuing Education, Tsinghua University. He is currently the chairman and chief executive officer of Beyond Group DMCC ("DMCC"), a company incorporated in Dubai of the United Arab Emirates and principally engaged in the import and export of oil equipment as well as trading of filters and purification devices, pipes and fittings, water treatment equipment and all kinds of commodities. DMCC entered into a non-legally binding memorandum of understanding with the Company on 10 October 2018 in relation to the proposed formation of the joint venture. Mr. Yuan has also been the chief executive officer of United Company for Engineering, Commerce and Contracts since March 2012 and the chairman and chief executive officer of Maven General Contracting LLC since February 2015. Mr. Yuan has extensive experience in the oil and gas industry.

REPORT OF THE DIRECTORS

Mr. Yeung Shing Wai ("Mr. Yeung"), aged 36, was appointed as Executive Director of the Company on 16 February 2020, had over ten years of working experience in power and data cord industry. He was an executive director of the Company from November 2010 to December 2014. Afterwards, he was engaged in private investments in various industries. He is currently an executive director of On Real International Holdings Limited, a company listed on GEM of the Stock Exchange (stock code: 8245). His father is so currently the director and legal representative of certain subsidiaries of the Group.

Mr. Chen Tian Gang ("Mr. Chen"), aged 48, was appointed as Executive Director of the Company on 5 March 2020, was an executive director of the Company from November 2010 to July 2013 and the production manager of a subsidiary of the Group for over 15 years. Afterwards, he was engaged in private businesses in the People's Republic of China. Recently, Mr. Chen has rejoined the Group as the production manager of a subsidiary of the Group. Mr. Chen graduated from Fujian Agricultural and Forestry University, majoring in tea studies. He has over 20 years of working experience in the power and data cord industry. Mr. Chen is the cousin of Mr. Yeung Shing Wai, an executive Director.

Mr. Li Shu Wang ("Mr. Li"), aged 56, was appointed as Executive Director of the Company on 9 March 2020, holds a Bachelor degree in chemical machinery from Hebei University of Technology and postgraduate degree in business management from American National University. He served as the deputy general manager of 天津石化建安公司 (Tianjin Petrochemical Jianan Company*) from 1988 to 2002, the director and chief engineer of 華燊燃氣控股有限公司 (Huashen Gas Holdings Company Limited*) from 2002 to 2004 and the president of 北京中燃偉業燃氣有限公司 (Beijing Zhongran Weiye Gas Company Limited*) from 2004 to 2006. He then worked at 新奧燃氣工程有限公司 (Xinao Gas Engineering Company Limited*) from 2007 to 2017 as general manager and concurrently served as the vice president and chief engineer of ENN Energy Holdings Limited, a company listed on the Stock Exchange (stock code: 2688), from 2009 to 2016. He then worked at 新地能源工程技術有限公司 from 2017 to 2019 as vice president and chief engineer. Mr. Li is currently a part time professor at Sun Yat-sen University. Mr. Li has extensive working experience in the petrochemical, construction, gas and energy industry.

Mr. Zhang Shao Wu ("Mr. Zhang"), aged 54, was appointed as Executive Director of the Company on 9 March 2020, holds a Bachelor Degree in machinery manufacturing process and equipment from Zhengzhou University and an Executive Master of Business Administration from the Guanghua School of Management of Peking University. He worked at 開封博達集團股份有限公司 (Kaifeng Boda Group Company Limited*) from September 1989 to February 2002 with his last position as deputy general manager. He then served as the deputy general manager at 東莞新奧燃氣有限公司 (Dongguan Xinao Gas Company Limited*) from February 2005 to October 2010 and the director and general manager of 湛江新奧燃氣有限公司 (Zhanjiang Xinao Gas Company Limited*) from November 2010 to September 2013. He was the deputy general manager, South China of ENN Energy Holdings Limited, a company listed on the Stock Exchange (stock code: 2688), from October 2013 to December 2018 and concurrently served as the general manager of 廣東新奧能源銷售有限公司 (Guangdong Xinao Energy Sales Company Limited*) from October 2016 to December 2018. He was the deputy general manager of 廣東新奧能源發展有限公司 (Guangdong Xinao Energy Development Company Limited*) from December 2018 to February 2020. Mr. Zhang has extensive working experience in the energy industry with a specialty in renewable energy utilization.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chu Kin Ming ("Mr. Chu"), aged 40, was appointed as Independent Non-Executive Director of the Company on 16 February 2020, holds a Bachelor of Arts degree in Accountancy from the Hong Kong Polytechnic University. He is currently the independent non-executive director of SK Target Group Limited, a company listed on GEM of the Stock Exchange (stock code: 8427), Kelfred Holdings Limited, a company listed on the Stock Exchange (stock code: 1134) and Optima Automobile Group Holdings Limited, a company listed on GEM of the Stock Exchange (stock code: 8418) and Milestone Builder Holdings Limited, a company listed on the Stock Exchange (stock code: 1667). Mr. Chu has approximately 20 years of experiences in the field of auditing, accounting, management and company secretarial matters. He is currently the company secretary of Sino-Life Group Limited ("Sino-Life"), a company listed on GEM of the Stock Exchange (stock code: 8296) and OCI International Holdings Limited, a company listed on the Stock Exchange (stock code: 329). Mr. Chu has worked as senior management in various Hong Kong listed companies and as auditor in international audit firms. Mr. Chu is a fellow member of The Association of Chartered Certified Accountants. He is also a member of The Hong Kong Institute of Certified Public Accountants, The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries. Mr. Chu has extensive experiences in the field of accounting and financial management.

Mr. Chiam Tat Yiu ("Mr. Chiam"), aged 38, was appointed as Independent Non-Executive Director of the Company on 16 February 2020, holds a Bachelor of Business Administration in Accountancy from the Hong Kong University of Science and Technology. Mr. Chiam has extensive experience in finance and accounting. Mr. Chiam is currently an independent non-executive director of Sino Vision Worldwide Holdings Limited (stock code: 8086). He worked in the audit department in Ernst & Young and worked at various management positions in CCB International (Holdings) Limited, CITIC International Assets Management Limited, Tai Shing International (Holdings) Limited, a company listed on GEM of the Stock Exchange (stock code: 8103) and China Huarong Overseas Investment Holdings Company Limited. Mr. Chiam is a fellow member of The Hong Kong Institute of Certified Public Accountants and a member of The Association of Chartered Certified Accountants. He is also a holder of the Chartered Financial Analyst designation awarded by the CFA Institute. Mr. Chiam has extensive experiences in the field of accounting, risk management and corporate finance.

Mr. Chan Wai Cheung Admiral ("Mr. Chan"), aged 48, was appointed as Independent Non-Executive Director of the Company on 5 March 2020, holds a Bachelor of Arts (Honours) in Accountancy from City University of Hong Kong. Mr. Chan is a member of the Hong Kong Institute of Certified Public Accountants. He has extensive experience in the accounting and auditing fields. Mr. Chan is currently an executive director and the company secretary of Energy International Investments Holdings Limited (stock code: 353) and an independent non-executive director of each of SFund International Holdings Limited (stock code: 1367), Zhong Ao Home Group Limited (stock code: 1538) and China Water Affairs Group Limited (stock code: 855), all of which are listed on the Stock Exchange. Mr. Chan was a non-executive director of China Nonferrous Metals Company Limited (stock code: 8306) from June 2015 to May 2019 and an independent non-executive director of Carnival Group International Holdings Limited (stock code: 996) from December 2014 to April 2019, all of which are listed on the Stock Exchange.

Mr. Cha Ho Wa ("Mr. Cha"), aged 31, was appointed as Independent Non-Executive Director of the Company on 7 December 2020, obtained his bachelor's degree of Arts in Philosophy from The Chinese University of Hong Kong in 2013 and degree of Juris Doctor in 2015. He currently is a Solicitor of the High Court of Hong Kong. Mr. Cha has extensive experience in the areas of legal services. Mr. Cha joined Messrs. Peter K. S. Chan & Co. in 2016, and is now serving as partner.

COMPANY SECRETARY

Mr. Chan Tsang Mo ("Mr. Chan"), aged 36, was appointed as the Company Secretary of the Company on 22 April 2020. He is a director of Synergy Morton Corporate Services Limited, a professional firm providing corporate secretarial and advisory services. He is a fellow member of The Hong Kong Institute of Certified Public Accountants and holds a degree in Bachelor of Business Administration in Accounting from the City University of Hong Kong. Mr. Chan has over 12 years of experience in the field of accounting and financial management.

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

As at 31 March 2021, the interest and short position of each Director and chief executive of the Company in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571) (the "SFO"), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange, were as follows:

LONG POSITIONS – ORDINARY SHARES

Interests in the Shares and underlying shares of the Company

Name of Director	Nature of interest	Share options	Approximate percentage of Shareholding in the Company
Mr. Rong Changjun	Beneficial owner	3,000,000	0.79%
Mr. Yuan Beisheng	Beneficial owner	3,500,000	0.92%
Mr. Zhang Wenrong	Beneficial owner	3,000,000	0.79%

Note:

Further details of the above share options are set out in the section of "Share Option Scheme" above showing details of the options granted to subscribe for ordinary shares under the Company's Share Option Scheme.

Save as disclosed above, as at 31 March 2021, none of the Directors or chief executives of the Company nor their associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under the provision of the SFO), or which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors.

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

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

So far as the Directors are aware, as at 31 March 2021, the following persons (other than the Directors or chief executives of the Company) had an interest and short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provision of Division 2 and 3 of Part XV of the SFO, or who is, directly or indirectly to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

(a) Aggregate long position in the shares and underlying shares of the Company

Name	Nature of interest	Number of ordinary shares of the Company held	Approximate percentage of shareholding in the Company
Zou Donghai	Beneficial owner	35,000,000	9.21%

(b) Aggregate short position in the shares and underlying shares of the Company

As at 31 March 2021, the Company had not been notified of any short positions being held by any substantial shareholders in the shares or underlying shares of the Company.

Save as disclosed above, no other parties were recorded in the register of the Company required to be kept under section 336 of the SFO as having interests or short positions in the shares or underlying shares of the Company as at 31 March 2021.

MANAGEMENT CONTRACT

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

CHARITABLE DONATIONS

During the Financial Year, the Group made no charitable donations (2020: Nil).

MAJOR SUPPLIERS AND CUSTOMERS

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

	Approximate percentage of the Group's total
Purchases	
– the largest supplier	41%
– five largest suppliers in aggregate	88%
Sales	
– the largest customer	28%
– five largest customers in aggregate	95%

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

RELATED PARTY TRANSACTIONS

Saved as disclosed elsewhere in the consolidated financial statements, none of these related party transactions is a connected transaction that needed to be disclosed the GEM Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

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

COMPETING BUSINESS

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

EMOLUMENTS POLICY

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

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

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

EVENTS AFTER THE REPORTING PERIOD

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

PERMITTED INDEMNITY PROVISIONS

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

MATERIAL LEGAL PROCEEDINGS

On 26 April 2019, the Company received a petition ("HK Petition") from Glory Sun Securities Limited, formerly known as China Goldjoy Securities Limited ("HK Petitioner") filed in the High Count of the Hong Kong that the Company may be wound up by the High Court on the ground that the Company is insolvent and unable to pay its debts. The HK Petition was filed against the Company for failure to settle an indebted sum of HK$23,654,900.30, plus further daily interest of HK$20,726.03, in total being the alleged outstanding amount owed by the Company to the HK Petitioner.

On 22 October 2019, the Company filed a winding up petition at Grand Court of the Cayman Islands under section 94 of the Cayman Companies Law and the Cayman Court. On 5 November 2019, the Cayman Court ordered that 3 persons be appointed as the Joint Provisional Liquidators ("JPLs") of the Company with the power to act jointly and severally. The JPLs were authorised to develop and propose a restructuring of the Company's indebtedness in a manner designed to allow the Company to continue as a going concern, with a view to making a compromise or arrangement with the Company's creditors, including (without limitation) a compromise or arrangement by way of a scheme of arrangement pursuant to section 86 of the Cayman Companies law.

On 6 December 2019, the Company received a sealed court order dated 4 December 2019 of the Cayman Court in which it was ordered that the Cayman Court would issue the letter of request to the HK High Court for its assistance in the provisional liquidation of the Company. In particular, the Cayman Court had requested the HK High Court to make, among others, the following orders, including (i) the appointment of the JPLs for restructuring purposes be recognised by the HK High Court; (ii) the JPLs have and may exercise such powers as are available to them under the court order dated 5 November 2019 made by the Cayman Court to the fullest extent permitted by the laws of Hong Kong (details disclosed in the Company's announcement dated 6 December 2019); and (iii) the HK Petition shall be adjourned in order to allow time for the Company to restructure its indebtedness.

On 30 January 2020, the Company received a notice of hearing dated 29 January 2020 in relation to the Cayman Petition, which would be held on 31 July 2020. On 3 August 2020, the Company received a notice from Cayman Court in which the Cayman Petition was adjourned to be heard on 18 February 2021.

On 22 May 2020, the Company received a sealed court order from the HK High Court in which it was ordered that, among others, including (i) the JPLs be recognised by the HK High Court; (ii) the JPLs to develop and propose a restructuring of the Company's indebtedness in a manner designed to allow the Company to continue as a going concern, with a view to making a compromise or arrangement with the Company's creditors, including (without limitation) a compromise or arrangement by way of a scheme of arrangement and (iii) the JPLs to monitor, oversee and supervise the Board in its management of the Company with a view to developing and proposing any compromise or arrangement with the Company's creditors, and any corporate and/or capital reorganisation of the Company and its subsidiaries (including but not limited to any share subscription and placement of shares in the Company and its subsidiaries) (details disclosed in the Company's announcement dated 22 May 2020). Hearing of the HK Petition was adjourned on 24 August 2020 and was further adjourned to 19 March 2021.

On 15 February 2021, the Company received a sealed court order dated 15 February 2021 in relation to the Company's written application to the Grand Court of the Cayman Islands to seek an adjournment of the Cayman Petition. As set out in the court order, the Grand Court of the Cayman Islands has ordered that, among others, the Cayman Petition is adjourned to be heard on the earliest available date after 30 June 2021. The Company has been informed by the Cayman Court that the hearing of the Cayman Petition is now set to take place at the Grand Court of the Cayman Islands on 6 July 2021.

On 9 April 2021, the Company has been informed that the Convening Hearing in respect of the Cayman Scheme will be heard before the Cayman Court on 20 April 2021 and that the Convening Hearing in respect of the Hong Kong Scheme will be heard before the Hong Kong Court on 22 April 2021.

On 21 May 2021, the Cayman Court sanctioned the Cayman Scheme by order. In the same court order, the Cayman Court also approved the requested modification of Clause 69 of the Cayman Scheme which entails that the reference in Clause 69 to Clause 67 has been deleted.

On 26 May 2021. The Hong Kong Court sanctioned the Hong Kong Scheme at the hearing. In the court order, the Hong Kong Court also approved the requested modification of Clause 69 of the Hong Kong Scheme which entails that, in Clause 69 of the Scheme, the reference to Clauses 67 or 68 be replaced with Clause 68. The Hong Kong Petition was dismissed by the Hong Kong Court at the hearing.

On 27 May 2021, the Company received a sealed and filed order of the Cayman Court, the Cayman Petition against the Company was withdrawn. In the court order, the Provisional Liquidators were also discharged and released as Provisional Liquidators of the Company. There is no longer any winding up petition against the Company and the appointment of liquidators (provisional or not) has been discharged.

AUDITOR

The consolidated financial statements for the year ended 31 March 2021 were audited by HLM CPA Limited ("HLM"). A resolution to re-appoint HLM as auditor of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Yeung Shing Wai
Director

Hong Kong, 28 June 2021

CORPORATE GOVERNANCE REPORT

The Board is pleased to present this Corporate Governance Report for the year ended 31 March 2021. This report highlights the key corporate governance practices of the Company.

CORPORATE GOVERNANCE PRACTICES

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

Under Code Provision A.2, it requires the clear division of responsibilities to ensure a balance of power and authority and following the resignation of Mr. Zou Donghai on 25 February 2020, the following Code Provision has been deviated.

Code Provision A.2.1 requires the roles of chairman and chief executive should be separate and should not be performed by the same individual and the division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. Also, for Code Provision A.2.2, the chairman should ensure that i) all directors are properly briefed on issues arising at board meetings. ii) the directors receive, in a timely manner, adequate information, which must be accurate, clear, complete and reliable; iii) the board works effectively and performs its responsibilities, and that all key and appropriate issues are discussed by it in a timely manner and the chairman should be primarily responsible for drawing up and approving the agenda for each board meeting. He should take into account, where appropriate, any matters proposed by the other directors for inclusion in the agenda; iv) good corporate governance practices and procedures are established; v) all directors are encouraged to make a full and active contribution to the board's affairs and take the lead to ensure that it acts in the best interests of the issuer; vi) meetings are hold at least once annually with the independent non-executive directors without the presence of other directors; vii) appropriate steps are taken to provide effective communication with shareholders and that their views are communicated to the board as a whole and viii) a culture of openness and debate by facilitating the effective contribution of non-executive directors in particular and ensuring constructive relations between executive and non-executive directors will be promoted.

The Board is of the view that the Company is currently under restructuring and the Board will keep assessing the potential candidates who is suitable for nominating as chairman of the Board. The board is also of the view that the operations of the Company has not been affected as the duties of chairman will be primarily vested on vice chairman and the board of directors.

Under Code Provision A.1.8 of the CG Code, the Group should arrange appropriate insurance cover in respect of legal action against its directors. Due to the suspension of trading in shares of the Company on the Stock Exchange since 2 July 2019, the Company is not able to neither extend the insurance cover which was expired on 31 March 2020 nor source a new insurance cover. Since the Company shares have been resumed for trading on 28 June 2021, the Company will start to procure a new insurance cover.

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 of the board should attend the annual general meeting. The Chairman also invite the chairmen of the audit, remuneration, nomination committees to attend. However, the Company did not hold annual general meeting during the Financial Year.

Under Code Provision C.2.5 of the CG Code, the Group should have an internal audit function. The Group conducted an annual review on the need for setting up an internal audit department. Given the Group's simple operating structure, instead of setting up an internal audit department, the annual review on the risk management and internal control systems of the Group has been conducted by a professional third party and reported to the members of the Audit Committee. The review covered material controls, including financial, operational and compliance controls and risk management functions of the Group. The Board is of the view that appropriate measures have been put in place to manage the risks and all issues raised for improvement were rectified.

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

BOARD OF DIRECTORS

BOARD RESPONSIBILITIES AND DELEGATION

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

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

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

RESPONSIBILITIES AND DELEGATION

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

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

BOARD OF DIRECTORS

DIRECTORS' TRAINING

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

The Company Secretary reports from time to time the latest changes and development of the Listing Rules, corporate governance practices and other regulatory regime to the Directors with written materials, as well as organizing seminars on the professional knowledge and latest development of regulatory requirements related to directors' duties and responsibilities. During the year and as at 31 March 2021, all Directors pursued continuous professional development and relevant details are set out below:

Name of Directors	Types of training
Executive Directors:	
Mr. Rong Changjun	A, B
Mr. Zhang Wenrong	A, B
Mr. Yuan Beisheng	A, B
Mr. Yeung Shing Wai	A, B
Mr. Chen Tian Gang	A, B
Mr. Li Shu Wang	A, B
Mr. Zhang Shao Wu	A, B
Ms. Hui Sai Ha (resigned on 5 October 2020)	A, B
Independent Non-Executive Directors:	
Mr. Chu Kin Ming	A, B
Mr. Chiam Tat Yiu	A, B
Mr. Chan Wai Cheung Admiral	A, B
Mr. Cha Ho Wa (appointed on 7 December 2020)	A, B

Remarks:

A – Attending seminars/conferences/forums

B – Reading journals/updates/articles/materials

BOARD COMPOSITION

As at 31 March 2021, the Board comprised seven executive Directors, and four independent non-executive Directors. During the Financial Year, the Board held 14 meetings, Audit Committee held 7 meeting, Nomination Committee held 1 meeting and Remuneration Committee held 1 meeting. The attendance of individual Directors at Board Meetings (BM), Audit Committee Meeting (ACM), Nomination Committee Meeting (NCM), Remuneration Committee Meeting (RCM) and Annual General Meeting (AGM) are set out as follows:

		Attended/Eligible to Attend				
Name		**BM**	**ACM**	**NCM**	**RCM**	**AGM**
Executive Directors						
Mr. Rong Changjun		7/10	—	—	—	—
Mr. Zhang Wenrong		2/14	—	—	—	—
Mr. Yuan Beisheng		6/14	—	—	—	—
Ms. Hui Sai Ha	(resigned on 5 October 2020)	1/1	—	—	—	—
Mr. Yeung Shing Wai		14/14	—	—	—	—
Mr. Chen Tian Gang		8/14	—	—	—	—
Mr. Li Shu Wang		9/14	—	—	—	—
Mr. Zhang Shao Wu		6/14	—	—	—	—
Independent Non-Executive Directors						
Mr. Chu Kin Ming		14/14	7/7	1/1	1/1	—
Mr. Chiam Tat Yiu		13/14	7/7	1/1	1/1	—
Mr. Chan Wai Cheung Admiral		14/14	7/7	1/1	1/1	—
Mr. Cha Ho Wa	(appointed on 7 December 2020)	4/4	—	—	—	—

During the Financial Year, in compliance with Rules 5.05(1), Rule 5.05A and Rule 5.28of the GEM Listing Rules, the Company has appointed a sufficient number of independent non-executive Directors with at least one of them having appropriate professional qualifications or accounting or related financial management expertise. The Board noted that following the appointment of Mr. Li Shu Wang and Mr. Zhang Shao Wu as Executive Directors on 9 March 2020, the number of independent non-executive Directors fell below the minimum number required under Rule5.05(1) and Rule 5.05A of GEM Listing Rules. Following the appointment of Mr. Cha Ho Wa as an Independent non-executive Director on 7 December 2020, the Company was in compliance with the requirement of the minimum number of independent non-executive directors prescribed under Rule 5.05(1), Rule 5.05A and Rule 5.28 of the GEM Listing Rules.

The Company has received an annual confirmation from each independent non-executive Director confirming his independence pursuant to rule 5.09 of the GEM Listing Rules. The Company considers all of the independent non-executive Directors to be independent. All of the Directors ensure that the Board prepares its financial and other mandatory reports in strict compliance with the relevant standards, rules and regulations, and that appropriate systems are in place to protect the interests of the Company and its Shareholders.

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

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

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

BOARD COMPOSITION AND DIVERSITY POLICY

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

During the Financial Year, the Board has reviewed the diversity of the Board and considered the Board composition and diversity policy appropriate.

CHAIRMAN AND CHIEF EXECUTIVES

The CG Code provision A.2.1 stipulates that the roles of the Chairman and CEO should be separate and should not be performed by the same individual. The positions of Vice Chairman of the Company for the Financial Year was held by Rong Changjun and no one has served as the CEO for the Financial Year. As mentioned in Corporate Governance Practice on page 33, regarding the deviation of Code Provision A.2.1,The Board will keep assessing the potential candidates who is suitable for nominating as chairman of the Board and CEO respectively.

EXECUTIVE DIRECTORS

As at 31 March 2021, the executive Directors were Mr. Rong Changjun, Mr. Zhang Wenrong, Mr. Yuan Beisheng, Mr. Yeung Shing Wai, Mr. Chen Tian Gang, Mr. Li Shu Wang and Mr. Zhang Shao Wu. The executive Directors are responsible on evaluating new potential business opportunities and investment opportunities and formulating and implementing business strategies to enhance the revenue growth of the Company. The management is responsible for implementing the business strategies formulated by the executive directors. There is no material relationship between board members and in particular between the chairman and the chief executive.

INDEPENDENT NON-EXECUTIVE DIRECTORS

As at 31 March 2021, the independent non-executive Directors were Mr. Chu Kin Ming, Mr. Chiam Tat Yiu, Mr. Chan Wai Cheung Admiral and Mr. Cha Ho Wa.

The participation of independent non-executive Directors in the Board brings a diverse range of expertise, skills and independent judgment on issues relating to the Group's strategies, performance, conflicts of interests and management process to ensure that the interests of all Shareholders have been duly considered. Each of the independent non-executive Directors has confirmed in writing his/her independence to the Company pursuant to Rule 5.09 of the GEM Listing Rules and the Board considers that all the independent non-executive Directors are independent.

SECURITIES TRANSACTIONS BY DIRECTORS

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

COMMITTEES

As part of the corporate governance practices, the Board has established the Remuneration Committee, Nomination Committee and Audit Committee. The compositions of all the committees are set out below. The terms of reference of all committees are established in accordance with the principles set out in the CG Code.

REMUNERATION COMMITTEE

The Company established a Remuneration committee on 27 April 2011 with written terms of reference. As at 31 March 2021, the Remuneration Committee comprised four independent non-executive Directors, namely Mr. Chiam Tat Yiu (the chairman of the committee), Mr. Chu Kin Ming, Mr. Chan Wai Cheung Admiral and Mr. Cha Ho Wa.

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

During the Financial Year, the Remuneration Committee (i) reviewed the remuneration of the executive Directors and senior management of the Company; (ii) approved performance-based remuneration with reference to the corporate goals and objectives resolved by the Board and/or the senior management from time to time; and (iii) ensured that no Director or senior management or any of his/her associates was involved in deciding his/her own remuneration. Details of the emoluments for Directors, chief executive and five highest paid individuals, and senior management remuneration by band during the Financial Year are set out in note 14 to the consolidated financial statements.

NOMINATION COMMITTEE

The Company established a Nomination Committee on 27 April 2011 with written terms of reference. As at 31 March 2021, the Nomination Committee comprised four independent non-executive Directors, namely Mr. Chu Kin Ming (the chairman of the committee), Mr. Chiam Tat Yiu, Mr. Chan Wai Cheung Admiral and Mr. Cha Ho Wa.

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

During the Financial Year, the Nomination Committee (i) reviewed the structure, size and composition (including the skills, knowledge and experience) of the Board; (ii) assessed the independence of the independent non-executive Directors; (iii) made recommendations to the Board on the proposed re-election of the retiring Directors at the forthcoming annual general meeting; and (iv) reviewed the diversity of the Board's composition.

AUDIT COMMITTEE

The Company established an Audit Committee on 27 April 2011 with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules. As at 31 March 2021, the Audit Committee comprised three independent non-executive Directors, namely Mr. Chu Kin Ming (the chairman of the committee), Mr. Chiam Tat Yiu and Chan Wai Cheung Admiral.

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

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

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

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

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

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for the preparation of accounts for each financial period which gives a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing these accounts for the Financial Year, the Directors have selected suitable accounting policies and applied them consistently; made judgments and estimates that are prudent and reasonable. As at 31 March 2021, the Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern, and accordingly prepared the accounts on the going concern basis. The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group.

EXTERNAL AUDITORS AND THEIR REMUNERATION

For the Financial Year, the Company engaged HLM CPA Limited ("HLM CPA") as the Group's external auditor to conduct audit of the financial results of the Group for the year ended 31 March 2021 with the remuneration payable of approximately HK$950,000.

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

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

INTERNAL CONTROL

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

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

RISK MANAGEMENT AND INTERNAL CONTROLS

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

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

MAIN FEATURES OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

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

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

PROCESS USED TO IDENTIFY, EVALUATE AND MANAGE SIGNIFICANT RISKS

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

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

The Board reviews the effectiveness of the risk management and internal control systems by considering factors including but not limited to the followings:

- the changes since the last annual review in the nature and extent of significant risks, and the Group's ability to respond to changes in its business and the external environment;
- the scope and quality of managements' monitoring of risk and of the internal control system, and where applicable, the work of its internal audit function and other third party consultants;

- the extent and frequency of the communication of the results of the monitoring to the Board or the audit committee;
- the incidence of significant control failings or weakness that has been identified at any time during the period and the extent to which they have resulted in unforeseen outcomes or contingencies that have a material impact on the Group's financial performance or condition; and
- the effectiveness of the Group's processes relating to financial reporting and Listing Rules Compliance given the Group's business and scale of operations and in order to adapt the most cost-effective method of conducting periodic review of the Group's internal controls, the Board has engaged an independent consultant Elite Partners Risk Advisory Services Limited ("Elite Partners") to execute the internal control function. Elite Partners has conducted an internal control review of the effectiveness of the Group's risk management, corporate governance, financial recording and reporting procedures, investment procedures, treasury function, sales and receipts, purchase and payment, and human resources management (except for the Deconsolidated Subsidiaries) for the period from 1 April 2020 to 31 March 2021 in accordance with the requirements under Code Provision C.2 of the Corporate Governance Code, according to the scope of review agreed and approved by the Audit Committee.

Elite Partners responded to the Audit Committee and the Audit Committee was satisfied that the Company had addressed all deficiencies identified by Elite Partners. The Audit Committee reviews annually the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures and has access to information necessary to fulfil its duties and responsibilities with respect to risk assessment and risk management. Accordingly, the Audit Committee and the Board considered the risk management and internal control systems to be effective and have been implemented with adequate resources during the year.

PROCEDURES AND INTERNAL CONTROLS FOR THE HANDLING AND DISSEMINATION OF INSIDE INFORMATION

The Company does not have an internal audit function and is currently of the view that there is no immediate need to set up an internal audit function within the Group in light of the size, nature and complexity of the Group's business. It was decided that the Board would be directly responsible for internal control of the Group and for reviewing its effectiveness during the Financial Year.

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

COMPANY SECRETARY

Mr. Chan Tsang Mo ("Mr. Chan") has been appointed as the company secretary of the Company (the "Company Secretary") following the resignation of Dr. Zheng Jian Peng ("Dr. Zheng") on 22 April 2020. The biographical details of Mr. Chan are disclosed in the section "Biographical Details of Directors and Senior Management" in the Report of the Directors. Both Dr. Zheng and Mr. Chan have adequate knowledge on the Company to discharge his duty as the Company Secretary. The Company Secretary is responsible for advising the Board on corporate governance matters. In compliance with Rule 5.15 of the GEM Listing Rules, for the year ended 31 March 2021, Mr. Chan confirmed that he has taken no less than 15 hours of relevant professional training during the Financial Year.

CONTINUOUS PROFESSIONAL DEVELOPMENT

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

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

CORPORATE GOVERNANCE FUNCTIONS

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

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

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

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

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

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

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

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

Apart from sending email to info@chinaoilgangrans.com, shareholders may send their enquiries and concerns to the Board by addressing them to the principal place of business of the Company in Hong Kong at Flat O, 10/F., Yue Cheung Centre, 1-3 Wong Chuk Yeung Street, Fo Tan, New Territories, Hong Kong, by post or by fax to (852) 2154 1139, for the attention of the Company Secretary.

PROCEDURES FOR SHAREHOLDERS TO PUT FORWARD PROPOSALS AT SHAREHOLDERS' MEETINGS

There are no provisions allowing Shareholders to move new resolutions at the general meetings under the Company Law (Revised) of Cayman Islands. However, Shareholders are welcomed to suggest proposals relating to the operations, strategy and/or management of the group to be discussed at shareholders' meeting. Proposal shall be sent to the Board by written requisition.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

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

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

The Group is pleased to present this Environmental, Social and Governance ("ESG") Report (the "Report") to provide an overview of the Group's management of significant issues affecting the operation, and the policies, measures and performance of the Group in terms of environmental and social aspects.

This Report covers the principal business of the Group for the period from 1 April 2020 to 31 March 2021 (the "Reporting Period"), i.e., the business in relation to the manufacturing and sales of power cords and data cords in Hong Kong and the PRC, including the Hong Kong head office and Sun Fair Electric Wire & Cable (Shenzhen) Company Limited ("Sun Fair Shenzhen") in Shenzhen, Guangdong Province.

The determination of reporting scope is detailed in the below section headed "Stakeholder Engagement and Materiality Assessment". For corporate governance section, please refer to the Corporate Governance Report section in this annual report.

BASIS OF PREPARATION

This Report has been prepared with reference to the Environmental, Social and Governance Reporting Guide in Appendix 20 to the Listing Rules and has complied with the "comply or explain" provisions in the Listing Rules.

BOUNDARY SETTING

Setting a clear reporting boundary benefits the readers by providing a well-defined scope of quantitative information about the ESG performance of the Group. Consider the nature of the Group's business, this ESG Report covers the performance and management policies of major operations of the Group under an operational control approach which includes the Group's offices and plants in Hong Kong and the PRC.

ESG MISSION AND VISION

Climate change and other environmental and social issues have continued to become the centre of attention. Both the Hong Kong and PRC governments have launched various policies to promote corporate social responsibility and green business principle. As the Group pursues business development as well as stable and long-term return for shareholders, it undertakes corporate social responsibilities and incorporates the concept of sustainability in various operations. The Group seeks to operate in an environmentally and socially friendly manner and contributes to society with concrete actions. The board of directors is responsible for supervising the ESG strategy, policy and measures of the Group and is vested with the power to make final decisions. Our ESG initiatives are carried out by the management team, which ensures the effectiveness of ESG risk management and related internal control system, thereby driving our sustainable development.

FEEDBACK OF THIS REPORT AND CONTACT INFORMATION

This Report shall be published both in English and Chinese, should there be any discrepancy between the English and the Chinese versions, the English version shall prevail. We highly value the opinions from the relevant stakeholders, and welcome readers to contact us through the following contact methods. Your opinions will assist us to further improve this Report and enhance the overall ESG performance of the Group.

Address:	Flat O, 10/F., Yue Cheung Centre, 1-3 Wong Chuk Yeung Street, Fo Tan, New Territories, Hong Kong.
Telephone:	+852 2590 1288
Facsimile:	+852 2691 0599
Email:	info@chinaoilgangrans.com

APPLICATION OF REPORTING PRINCIPLES

As the reporting principles underpin the preparation of the Report, the content of the Report has been determined, organised and presented under the principles of Materiality, Quantitative, Balance and Consistency.

Materiality – The Group made an objective and systematic materiality assessment that prioritised the issues affecting the operation, and the policies, measures and performance of the Group in terms of environmental and social aspects.

Quantitative – The application of the Quantitative reporting principles was primarily reflected under the Emissions and Use of Resources sections in this Report. The principle is applied by the Group to provide comparable key performance indicators to evaluate the purpose, impact and performance of the Group.

Balance – The Report incorporated both its outstanding performance in ESG management and areas which might require improvement to avoid selections, omissions, or presentation formats that may inappropriately influence a decision or judgement by the Report readers.

Consistency – The Report incorporated consistent reporting techniques and calculation methodologies so that the Report readers can rely on the preciseness of data. Any changes to the reporting techniques and calculation methodologies will be disclosed.

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

Stakeholder engagement is essential to the Group – from communication with investors to everyday relationships with employees, customers and business partners – and is integral to the group's sustainability success. Stakeholders are prioritised from time to time in view of the Group's roles and duties, strategic plan and business initiatives. The Group build appropriate channels to engage with its stakeholders to develop mutually beneficial relationships, trying to identify stakeholders' expectations and concerns and to seek their views to promote sustainability in the marketplace, workplace, community and environment. These engagements help us learn about emerging sustainability topics, better inform our efforts, and help the Group to create value for our company and society.

The Group has identified key stakeholders that are important to our business and established various channels for communications. The following table provides an overview of the Group's key stakeholders, and their possible ways of communication.

Stakeholders	Communication channel
Shareholders	• General meetings • Company's announcements • Email and telephone communications • Company's website
Business partners	• Meetings • Email and telephone communications
Customers	• Customer hotlines • Suggestion box • Email and telephone communications
Employees	• Meetings • Email and telephone communications
The Public	• Company's announcements • Company's website

Materiality of ESG issues may be said to be "in the eye of the beholder" when it comes to sustainability, responsibility, ethical, and citizenship initiatives, disclosure and reporting. Not all ESG issues are relevant to all organizations, and understanding the material sustainability issues for the Group is critical to having a successful and strategic program. Materiality is an important cornerstone of an effective corporate sustainability process -- and a key characteristic of the ESG framework. Determining the materiality of sustainability issues is a vital step in identifying risks and available opportunities to be addressed by the Group.

The Group have adopted the principle of materiality in the ESG reporting by understanding the key ESG issues that are important to the business of the Group. All the key ESG issues and key performance indicators (KPIs) are reported in this Report according to the ESG Reporting Guide in Appendix 20 to the Listing Rules.

The Group have evaluated the materiality and importance in ESG aspects through the following steps:

Step 1: Identifying relevant ESG areas – Relevant ESG areas were identified through the review of the Group's business and relevant industry benchmark.

Step 2: Materiality and Prioritization – Materiality of each ESG aspect was determined based on the importance of each ESG aspects to the Group and to the relevant stakeholders.

Step 3: Validation – Based on internal discussion and discussion with key stakeholders, the Group ensured all material ESG aspects were reported and in compliance with the ESG Reporting Guide in Appendix 20 to the Listing Rules.

As a result of the steps taken for the Reporting Period, the following ESG aspects of the Group were discussed in this Report.

ENVIRONMENTAL

The major business of the Group did not have any significant adverse effect on the environment. In spite of this, the Group is committed to the sustainability strategy and puts in place a stringent management system to reduce energy consumption and emission in all production and operation activities with best efforts. The Group provides regulatory guidelines to staff on environmental protection, resources conservation and waste reduction, while encouraging recycling and environmentally-friendly office practices to raise employees' green awareness. The management monitors all resources consumption to promote production efficiency and energy saving.

ASPECT A1: EMISSIONS

The Group strives to comply with all environmental protection laws and regulations, including the "Environmental Protection Law of the People's Republic of China"; "Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution"; "Law of the People's Republic of China on Prevention and Control of Water Pollution"; and "Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution". During the Reporting Period, the Group has not identified any breach of environmental protection related laws and regulations.

The Group's operation did not produce significant emissions of solid wastes, sewage, hazardous wastes and noise. Air emissions, Greenhouse gas ("GHG") emissions and non-hazardous wastes produced during the Reporting Period are set out below.

AIR EMISSIONS

Air pollution have an adverse impact on environment and human health so that it is essential to control the level of emission. During the Reporting Period, the Group's main sources of air emissions are the combustion of fuels for transportation. The decrease in air pollutants emission during the Reporting Period was mainly attributable to the effort taken to use the vehicles in a more efficient way. The Group will keep monitoring the use of vehicles internally and formulate relevant guidelines. During the Reporting Period, air emissions are as follows:

Air emissions	Unit	2021	2020
Nitrogen oxides	Kg	23.4	63.1
Sulphur oxides	Kg	0.1	0.1
Particular matters	Kg	2.2	6.2

GREENHOUSE GAS ("GHG") EMISSIONS

It is widely accepted that climate change is unequivocally linked to the increasing concentrations of GHG in the atmosphere. During the Reporting Period, the Group's main sources of GHG emissions are the combustion of fuels for transportation and the electricity consumed for operations. The Group endeavours to reduce the carbon footprint by implementing various energy saving and emission reduction initiatives in daily operations, including the use of vehicles that outperform the national emission standards. It also carries out proper planning of the production and delivery schedule to coordinate all processes for maximum energy and time efficiency. It is our aim to promote low-carbon travel and reduce air emissions through the effective use of resources. During the Reporting Period, the Group's Scope 1 GHG emission mainly came from consumption of gasoline for vehicles (mobile combustion source) and the Group's Scope 2 GHG emission mainly came from electricity consumption in operations. The decrease in GHG emission during the Reporting Period was mainly attributable to effort to use transportation in a more smart and efficient way and also the effort to use electricity in a more environmentally friendly way. The Group will keep monitoring the use of energy and formulate relevant guidelines in order to reduce GHG emission, such energy saving measures may include but not limited to proper planning of the production schedule and process improvement. During the Reporting Period, the emission of GHG is as follows:

	Unit	2021	2020
Scope 1	Tonne of CO_2e	26	24
Scope 2	Tonne of CO_2e	913	683
Scope 3	Tonne of CO_2e	8	0
Total	**Tonne of CO_2e**	947	707
Emission intensity	Tonne of CO_2e/million dollars of revenue	8.5	11

NON-HAZARDOUS WASTES

Non-hazardous wastes produced by the Group were mainly attributed to the paper the discarded packaging materials and domestic wastes of office. The Group adopts the 3R approach, "reduce, reuse and recycle", to minimize the wastes production. The relevant specific measures are as follows:

- e-platforms for paper-less operation, which encourages staff to print internal documents on both sides of paper whenever possible;
- Placing recycling boxes near photocopiers to collect single-sided paper for reuse as draft paper or printing of internal documents, so as to boost the rate of reuse; and
- Wastes are collected and processed by qualified waste recyclers in accordance with environmental regulations.

Wastes production was mainly attributed to the discarded paper and plastic packaging materials. The Group was also promoting Green-Office idea in the workspace aimed to reduce other minor wastes. Such waste reduction measures in the office include stationery reuse and green pantry, which encourage employees to bring their own cups and lunch boxes in order to reduce the use of paper/plastic cups and lunch boxes.

During the Reporting Period, non-hazardous wastes produced are as follows:

Non-hazardous wastes	Unit	2021	2020
Paper	Tonnes	11.53	12.06
Paper intensity	Tonnes/million dollars of revenue	0.1	0.2
Plastic	Tonne	6.38	6.66
Plastic intensity	Tonnes/million dollars of revenue	0.05	0.1

ASPECT A2: USE OF RESOURCES

The Group aims to promote resource saving and implement suitable energy and water efficiency initiatives in order to improve the resources saving performance. The Group also motivates its employees to participate in resources conservation activities and encourages them to save energy and water.

The Group strives to comply with all relevant laws and regulations in relation to the Group's use of resources, including the "Energy Conservation Law of the People's Republic of China" and "Provisions on the Management of Water Conservation in Cities". During the Reporting Period, the Group has not identified any breach of related laws and regulations.

During the Reporting Period, the Group primarily consume electricity, gasoline and diesel and water. No other significant raw materials and energy were used by the Group during the Reporting Period.

ENERGY CONSUMPTION

The Group's main sources of energy consumption include electricity used in production and office spaces and gasoline and diesel for transportation. The Group has introduced a number of energy saving initiatives targeting such usage at the plants and offices in Hong Kong and the PRC as follow:

- Turn off lights when not in use;
- Setting the air conditioners at an optimal temperature;
- Installation of lights with motion sensors;
- Replacing electrical appliances with energy-saving models;
- Replacing LED lightings instead of fluorescent lightings; and
- Placing notices of energy saving messages in suitable areas to educate employees.

WATER CONSUMPTION

The production and operation processes of the Group does not involve substantial water usage. Our water consumption is mainly for daily use and the Group did not face any problem in sourcing water that was fit for its purpose. The Group has established the water separation system and recycling program for the production lines at plants to reduce water consumption. Water conservation signs are placed conspicuous places in the workplace to raise staff's awareness. Water consumption of the Group during the Reporting Period slightly increased by around 6% due to the COVID-19 and staff stay in the plant for longer hours rather than going out for lunch. The Group will keep monitoring the use of water and formulate relevant guidelines in order to further reduce water consumption by implementing the following practices:

1. Apply advances technology to strengthen water recycling;

2. Educate employees on the importance of water conservation;

3. Perform proper maintenance of water taps, pipelines and tanks; and

4. Consider the installation of water economizer.

PACKAGING MATERIAL

In view of the Group's business nature, there was no significant raw material or packaging material used in operation.

During the Reporting Period, consumption of natural resources are as follows:

Natural resources	Unit	2021	2020
Electricity	kWh	1,094,889	848,979
Consumption intensity	kWh/million dollars of revenue	9,864	13,261
Gasoline and diesel	Litre	9,536	8,844
Consumption intensity	Litre/million dollars of revenue	86	138
Water	m^3	8,739	7,448
Water intensity	m^3/million dollars of revenue	79	116

ASPECT A3: THE ENVIRONMENT AND NATURAL RESOURCES

The Group is not aware of any significant impacts of activities on the environment and natural resources during the Reporting Period.

The Group pays close attention to any possible impact of its business operation on the environment and natural resources. Thus, it not only follows national environmental regulations and international standards, but also adopts green management practices and encourages staff participation in environmental protection. To achieve green operation, a multi-pronged approach is adopted to raise staff awareness, formulate green policies, implement environmental initiatives and optimise monitoring on an ongoing basis. The Group also regularly assesses the possible environmental impact of its business activities to identify potential environmental risks.

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

SOCIAL

Social sustainability is perhaps the broadest area of the three elements in ESG and the hardest to assess due to a lack of agreed metrics to measures and so it is often-overlooked aspect of sustainability, as sustainable development discussions often focus on the environmental or economic aspects of sustainability. The Group believes that all three dimensions of sustainability must be addressed to attain the most sustainable outcome possible.

EMPLOYMENT AND LABOUR PRACTICES

ASPECT B1: EMPLOYMENT

The success of the Group relies on the continued support of its dedicated workforce, the most valuable asset for sustaining business. The Group respects and cares for our employees by creating a delightful and safe workplace, as well as providing training opportunities. The Group strives to maintain employee turnover rate at an acceptable level so as to facilitate accumulation of professional skills and experience. As at the end of the Reporting Period, the Group has a total number of 115 (2020: 112) full-time employees.

	Number of staff	Staff turnover rate
Gender		
Male	65	16%
Female	50	8%
Age Group		
18-30	7	31%
31-40	40	15%
41-50	42	5%
51 or above	26	13%
Geographical region		
PRC	104	11%
Hong Kong	11	21%
Employee categories		
Senior management	16	6%
Middle management	13	14%
General staff	86	13%

During the Reporting Period, the Group has not identified any significant breach of employment related laws and regulations, including the "Employment Ordinance (Cap. 57 of the Laws of Hong Kong)"; "Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the Laws of Hong Kong)"; "Employees' Compensation Ordinance (Cap. 282 of the Laws of Hong Kong)"; "Minimum Wage Ordinance (Cap. 608 of the Laws of Hong Kong)"; "Labour Law of the People's Republic of China"; "Law of the People's Republic of China on Promotion of Employment"; "Social Insurance Law of the People's Republic of China"; and "Labour Contract Law of the People's Republic of China".

REMUNERATION AND BENEFITS

We recognize the importance of staff's contribution and cooperation in achieving business success, therefore we strive to develop a comprehensive staff motivation mechanism to attract and retain high-calibre talents who share our vision. For example, we offer basic benefits as required by laws such as the "Five Insurances and One Fund", medical insurance, annual leave, sick leave and double pay for overtime work. In addition, we provide other fringe benefits as well, which include performance-based bonus, free lunch, travel allowance, transport allowance, study subsidy, overseas training, marriage leave and maternity leave. Staff remuneration is determined based on the job nature, qualification, experience and performance of individual employees. The Group also conducts market studies on the remuneration level in the industry. The management of the Group adjusts employees' wages with reference to the performance appraisal and market studies every January.

Promotion and development

The Group carries out staff performance reviews annually. Staff members who have attained remarkable achievements and made outstanding contribution will be recognized by means of material rewards, honours and promotion opportunities. We offer suitable vocational training, arrangements and career path to promising employees as well, so as to equip them for more responsibilities and facilitate the growth of both the Group and the employees.

Equal opportunity

The Group offers fair and excellent employment and promotion opportunities. Staff members are not discriminated against or deprived of such opportunities on the basis of gender, nationality, marital status, religious belief, disability, pregnancy or any other grounds prohibited under applicable laws.

ASPECT B2: HEALTH AND SAFETY

The Group proactively works to reduce injury risks and occupational diseases by establishing related management systems and organising safety training for its workforce. Furthermore, in order to ensure staff's safety, all employees are required to strictly follow the safety instructions on the proper storage of machines, equipment and raw materials for production.

In the meantime, the Group devotes its best efforts to raise staff awareness of occupational health and safety. It communicates health and safety knowledge and guidelines to employees by formulating health and safety policy and procedure, staff manual, orientation and on-the-job training, and various safety notices, posters and slogans, which remind them to stay safe when performing job duties. Occupational safety and health posters and warnings are placed at prominent position. Employees with driving duties contribute to workplace safety through orientation training for drivers and enhanced inspection of vehicle safety. These occupational health and safety initiatives help to minimise risks and safeguard the interests of employees, customers and other stakeholders.

The Group strives to comply with all health and safety laws and regulations, including the "Occupational Safety and Health Ordinance (Cap. 509 of the Laws of Hong Kong)"; "Production Safety Law of the People's Republic of China"; "Law of the People's Republic of China on Prevention and Control of Occupational Diseases"; "Regulations on the Reporting, Investigation and Disposition of Work Safety Accidents of the PRC"; "Special Rules on the Labour Protection of Female Employees of the PRC"; and "Regulation on Work-Related Injury Insurance of the PRC". During the Reporting Period, the Group did not aware of any non-compliance with laws and regulations relating to health and safety issues.

Occupational health and safety statistics	2021	2020
Number of lost days due to work injury	Nil	Nil
Number of work-related fatalities	Nil	Nil
Number of work injuries incident	Nil	Nil

ASPECT B3: DEVELOPMENT AND TRAINING

The Group has a well-established system to provide suitable training opportunities to different departments and positions, so that staff members, regardless their roles, have access to the knowledge and skills required to keep the efficiency and productivity, which is beneficial to our long-term development.

The Group encourages all staff to participate in essential external training and courses, such as negotiation courses, as necessary to sharpen their skills. In order to foster team spirit, the Group invites external organisation to organises team building activities, where staff in different positions can get to know each other and develop cohesion and mutual trust through cooperation. As a result, they can work towards the common goal more efficiently.

ASPECT B4: LABOUR STANDARDS

The Group adopts all measures and internal control procedures to prevent any forms of child labour and forced labour. The Human Resource Department of the Group is responsible for monitoring the compliance of the Group with the relevant laws and regulations that prohibit child labour and forced labour employment. The Group requires job applicants to provide valid identity documents before confirmation of employment to ensure that the applicants are lawfully employable. Upon discovery of any child labour and use of forced labour, the person will be dismissed immediately and the management and responsible person will be disciplined accordingly.

During the Reporting Period, the Group did not aware of any non-compliance of labour related laws and regulations, including the "Employment Ordinance (Cap. 57 of the Laws of Hong Kong)" and "Labour Law of the People's Republic of China".

OPEARING PRACTICES

ASPECT B5: SUPPLY CHAIN MANAGEMENT

The Group believes managing ESG issues throughout the supply chain bring the following benefits both to the Group and to the investors:

1. Quicker response to emerging regulations and legal obligations;
2. Avoiding loss of contracts of ESG focused customers;
3. Enhancing business continuity;
4. Increased stakeholders' confidence;
5. Opportunity for the Group to develop and maintain long-term and trusting partnership with the suppliers;
6. Make the Group more attractive to invest; and
7. Better financial performance from increased labour and process productivity.

The Group has established a standardized procurement system that operates in an efficient, fair and open manner, thereby safeguarding the interests of itself and other stakeholders. To ensure good supply chain management, the Group conducts background check and on-site evaluation of potential suppliers against criteria such as quality of goods, track record, production capacity, reputation, staffing and business qualification. Meanwhile, the Group requires suppliers to provide business licence, identity card of the legal person, articles of association, organisational structure and photos in all workshops including packaging workshop, technical workshop and warehouse for verification before making decisions.

The Group maintains a close relationship with suppliers to ensure that their business complies with local laws and regulations, such as the prohibition of child and forced labour. The Group believes that good sourcing practice is determined not just by the high product quality and timely delivery, but also the continuous reduction of the environmental footprint in the supply chain. The Group's green procurement involves assessing the suppliers' performance and contribution to environmental protection. During the Reporting Period, the Group has 50 and 3 suppliers located in PRC and Hong Kong.

ASPECT B6: PRODUCT RESPONSIBILITY

The Group strives to comply with all product responsibility related laws and regulations, including the "The Law of the People's Republic of China on Product Quality"; "The Metrology Law of the People's Republic of China"; "Law of the People's Republic of China on the Protection of Consumer Rights and Interests"; "Advertisement Law of the People's Republic of China"; and "Trade Descriptions Ordinance of Hong Kong". During the Reporting Period, the Group has not identified any breach of product responsibility related laws and regulations.

Quality management

To enhance product quality, we aim at meeting international standards and our power cord products have passed different environmental tests including the RoHS, REACH and WEEE, as well as the standards and specifications established by USB Implementation Forum, Inc. All of the Group's products are in line with international and domestic regulatory requirements and industry practices. The Group has formulated product recall policies which allow customers to contact the Group through customer services hotline. Complaints and product recall request will be properly followed up respective departments. During the Reporting Period, the Group did not receive any significant product recalls for safety and health reasons, the Group also did not receive any significant complaints regarding product flaws.

Advertising and marketing

In full compliance with the laws and regulations, the Group's sales documents give a true description of the specifications and features of our products without containing exaggerated and misrepresented information.

Data protection

In its daily operation, the Group processes various types of commercial information and personal data. For the purpose of protecting the information of the Group and its stakeholders, we have installed authorized software on all computers at the workplace. Employees are forbidden to install software without permission or handle personal matters on company computers, thereby minimising the risks of hacker attacks, Trojan horse and other computer viruses. The Group also has stringent data protection procedure for customers' information. We include a confidentiality clause in all employment contracts which prohibits unauthorized disclosure or leakage of company information. Without the consent of the Group, employees are not allowed to disclose any sensitive information to any third parties or use such information for other unauthorized use. Staff members who are in breach of the policy and regulations will be subject to disciplinary actions or termination of employment.

Intellectual property rights

The Group's business operation does not involve significant intellectual property rights issues, which the Group's products do not hold any patent and trademark.

ASPECT B7: ANTI-CORRUPTION

The Group has formulated the comprehensive company regulations and employee code of conduct (the "Code of Conduct") as the standards of staff conduct. With the view of maintaining efficiency and integrity, we require all staff members to follow the rules of the Code of Conduct and remain responsible and professional at all times. Our employees are not allowed to offer, solicit or accept any gifts of material value to or from colleagues, customers, suppliers or other business partners of the Group that raise concern over conflict of interest. All new employees are required to read and sign our policy on conflict of interest, which stipulates that staff members should avoid personal conflicts of interest when dealing with any third parties on behalf of the Group.

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

The Group strives to comply with all anti-corruption related laws and regulations, including the "Anti-Corruption Law of the People's Republic of China"; "Law of the People's Republic of China on Anti-money Laundering"; "Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615 of the Laws of Hong Kong)"; and "Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong)". During the Reporting Period, the Group has not identified any breach of anti-corruption related laws and regulations.

During the reporting period, there were no legal cases regarding corrupt practices brought against the Group or its employees.

COMMUNITY

ASPECT B8: COMMUNITY INVESTMENT

Social prosperity is closely related to the business of the Group. As a socially responsible enterprise, the Group places great emphasis on the development of the communities in which it operates and endeavours to build a harmonious and friendly relationship with the locals. The Group intends to lead by example of demonstrating the importance of community investment and encourage our staff to participate in community initiatives through charity events, volunteering events and donations. To this end, we encourage employees to take part in a wide range of charity events and give back to society in different ways and actively undertakes its corporate social responsibility.

INDEPENDENT AUDITOR'S REPORT

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

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TO THE MEMBERS OF CHINA OIL GANGRAN ENERGY GROUP HOLDINGS LIMITED
中油港燃能源集團控股有限公司
(Incorporated in the Cayman Islands with limited liability)

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of China Oil Gangran Energy Group Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 65 to 151, which comprise the consolidated statement of financial position as at 31 March 2021, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the consolidated financial statements of the Group for the year ended 31 March 2021. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

1. CONTINGENT LIABILITIES AND COMMITMENTS OF DECONSOLIDATED SUBSIDIARIES

In May 2020, due to the loss of control over certain of the Company's subsidiaries in the PRC, the Company's subsidiaries, namely 江西中油港燃能源科技有限責任公司 (transliterated as "Jiangxi China Oil Gangran Energy Technology Company Limited") ("Jiangxi China Oil"), 舟山中油港燃石油化工有限公司 (transliterated as "Zhoushan China Oil Gangran Petroleum and Chemical Company Limited") ("Zhoushan China Oil"), 江西港燃貿易有限公司 (transliterated as "Jiangxi Gangran Trading Company Limited") ("Gangran Trading") and 吉林中油港燃能源開發有限公司 (transliterated as "Jilin China Oil Gangran Energy Development Company Limited") ("Jilin China Oil") (collectively the "Deconsolidated Subsidiaries"), were deconsolidated from the Group's consolidated financial statements with effect from 1 January 2019.

During the course of our audit and up to the date of this report, we were not provided with complete set of books and records together with any legal advice on the Deconsolidated Subsidiaries or any other appropriate evidence to assess if there were any commitment and contingent liabilities associated with the Deconsolidated Subsidiaries which may have significant impact on the Group.

1. CONTINGENT LIABILITIES AND COMMITMENTS OF DECONSOLIDATED SUBSIDIARIES *(Continued)*

Due to circumstances described above, we had been unable to obtain sufficient appropriate evidence and explanations as to whether the contingent liabilities and commitments associated with the Deconsolidated Subsidiaries had been properly recognised and accounted for and in compliance with the requirements of applicable HKFRSs including HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets". There were no alternative procedures that we could perform to satisfy ourselves as to whether the contingent liabilities and commitments of the Group were free from material misstatements. Any adjustment that would be required may have a consequential significant effect on the net liabilities of the Group as at 31 March 2021 and loss and cash flows of the Group for the year ended 31 March 2021, and the related disclosures thereof in the consolidated financial statements.

2. OPENING BALANCES AND CORRESPONDING FIGURES

Our audit opinion on the consolidated financial statements of the Group for the year ended 31 March 2020, which forms the basis for the corresponding figures presented in the current year's consolidated financial statements, was disclaimed because of the significance of the possible effects of the limitations on the scope of our audit, details of which are set out in our auditor's report dated 17 September 2020.

We were not provided with sufficient appropriate audit evidence to enable us to assess the possible effects of the limitations on the scope of our audit, set out in our auditor's report dated 17 September 2020.

Any adjustments to the opening balances as at 1 April 2020 found to be necessary to the figures as described above may affect the Group's accumulated losses as at 1 April 2020 and the results and related disclosures in the notes to the consolidated financial statements of the Group for the year ended 31 March 2021. The comparative figures shown in the consolidated financial statements may not be comparable with the figures for the current year.

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

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

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

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

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

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and to issue an auditor's report. We report solely to you, as a body, and for no other purpose. We do not assume responsibilities towards or accept liability to any other person for the contents of this report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

HLM CPA Limited
Certified Public Accountants
Wong Kam Hing
Practising Certificate Number: P05697

Hong Kong, 28 June 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2021

	Notes	2021 HK$'000	2020 HK$'000
Revenue	8	**110,671**	64,017
Cost of sales		**(91,429)**	(48,409)
Gross profit		**19,242**	15,608
Other income and gain or (loss), net	9	**(12,986)**	2,223
Selling expenses		**(2,321)**	(2,155)
Administrative expenses		**(20,677)**	(32,400)
Loss from operations		**(16,742)**	(16,724)
Gain on disposal of a subsidiary	37	**288**	—
Gain arising on deregistration of a subsidiary	38	**—**	5,731
Finance costs	11	**(16,191)**	(17,778)
Loss before tax		**(32,645)**	(28,771)
Taxation	12	**(664)**	2,106
Loss for the year	13	**(33,309)**	(26,665)
Other comprehensive income (expense)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**2,741**	(1,284)
Release of exchange reserve upon deregistration of a subsidiary		**—**	(1,211)
Other comprehensive income (expenses) for the year, net of tax		**2,741**	(2,495)
Total comprehensive expenses for the year		**(30,568)**	(29,160)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2021

	Note	2021 HK$'000	2020 HK$'000
Profit (loss) for the year attributable to:			
Owners of the Company		(37,987)	(31,926)
Non-controlling interests		4,678	5,261
		(33,309)	(26,665)
Total comprehensive income (expenses) for the year attributable to:			
Owners of the Company		(36,559)	(33,558)
Non-controlling interests		5,991	4,398
		(30,568)	(29,160)
		HK cents	HK cents
Loss per share	15		
Basic		(10.00)	(8.40)
Diluted		(10.00)	(8.40)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2021

	Notes	**2021 HK$'000**	2020 HK$'000
Non-current assets			
Property, plant and equipment	17	**17,122**	19,338
Right-of-use assets	18	**1,785**	2,973
Financial assets at fair value through profit or loss	19	**—**	—
Intangible assets	20	**—**	—
		18,907	22,311
Current assets			
Inventories	21	**3,427**	5,929
Trade and other receivables	22	**91,024**	81,537
Contingent consideration receivables	23	**—**	—
Bank balances and cash	24	**11,839**	10,064
		106,290	97,530
Current liabilities			
Trade and other payables	25	**99,790**	67,199
Promissory notes payables	26	**62,140**	30,072
Borrowings	27	**36,220**	44,709
Convertible notes	28	**13,000**	12,307
Amount due to a director	29	**—**	1,265
Lease liabilities	18	**163**	1,112
Tax payable		**6,181**	4,582
		217,494	161,246
Net current liabilities		**(111,204)**	(63,716)
Total assets less current liabilities		**(92,297)**	(41,405)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2021

	Notes	2021 HK$'000	2020 HK$'000
Non-current liabilities			
Promissory notes payables	26	10,871	41,479
Borrowings	27	21,380	10,000
Lease liabilities	18	73	234
Deferred tax liabilities	30	38	973
		32,362	52,686
NET LIABILITIES		(124,659)	(94,091)
Capital and reserves			
Share capital	31	1,520	1,520
Reserves		(135,448)	(98,889)
Equity attributable to owners of the Company		(133,928)	(97,369)
Non-controlling interests		9,269	3,278
TOTAL DEFICIT		(124,659)	(94,091)

The consolidated financial statements on pages 65 to 151 were approved and authorised for issue by the Board of Directors on 28 June 2021 and are signed on its behalf by:

Yeung Shing Wai
Executive Director

Chen Tian Gang
Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2021

	Attributable to owners of the Company										
	Share capital HK$'000	Share premium HK$'000	Statutory reserve HK$'000	Convertible notes equity reserve HK$'000	Equity transaction reserve HK$'000	Foreign currency translation reserve HK$'000	Share-based payment reserve HK$'000	Accumulated losses HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
1 April 2019	1,520	703,768	3,918	2,215	–	(1,368)	50,794	(834,659)	(73,812)	(90)	(73,902)
Profit (loss) for the year	–	–	–	–	–	–	–	(31,926)	(31,926)	5,261	(26,665)
Release of exchange reserve upon deregistration of a subsidiary	–	–	–	–	–	(618)	–	–	(618)	(593)	(1,211)
Exchange differences arising on translation of foreign operations	–	–	–	–	–	(1,014)	–	–	(1,014)	(270)	(1,284)
Total comprehensive income (expenses) for the year	–	–	–	–	–	(1,632)	–	(31,926)	(33,558)	4,398	(29,160)
Deemed partial disposal of subsidiaries without loss of control	–	–	(1,920)	–	3,030	909	–	1,011	3,030	(1,030)	2,000
Recognition of share options	–	–	–	–	–	–	6,971	–	6,971	–	6,971
Share options lapsed	–	–	–	–	–	–	(5,212)	5,212	–	–	–
At 31 March 2020 and 1 April 2020	1,520	703,768	1,998	2,215	3,030	(2,091)	52,553	(860,362)	(97,369)	3,278	(94,091)
Profit (loss) for the year	–	–	–	–	–	–	–	(37,987)	(37,987)	4,678	(33,309)
Exchange differences arising on translation of foreign operations	–	–	–	–	–	1,428	–	–	1,428	1,313	2,741
Total comprehensive income (expenses) for the year	–	–	–	–	–	1,428	–	(37,987)	(36,559)	5,991	(30,568)
Share options lapsed	–	–	–	–	–	–	(4,747)	4,747	–	–	–
At 31 March 2021	**1,520**	**703,768**	**1,998**	**2,215**	**3,030**	**(663)**	**47,806**	**(893,602)**	**(133,928)**	**9,269**	**(124,659)**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2021

	Notes	2021 HK$'000	2020 HK$'000
Operating activities			
Loss before tax		**(32,645)**	(28,771)
Adjustments for:			
Depreciation of property, plant and equipment	17	**3,319**	4,273
Depreciation of right-of-use assets	18	**1,212**	2,647
Gain on disposal of property, plant and equipment		**(30)**	—
Write-off of property, plant and equipment		**357**	119
Allowance for obsolete stock		**2,268**	—
Reversal of allowance for obsolete stock		**—**	(1,312)
Allowance for credit losses		**1,426**	983
Reversal of allowance for credit losses		**—**	(743)
Impairment loss of other receivables		**2,472**	—
Write-off of other receivables		**135**	—
Reversal of impairment loss of other receivables		**(45)**	—
Impairment loss of intangible assets		**12,770**	—
Gain on disposal of a subsidiary	37	**(288)**	—
Gain arising on deregistration of a subsidiary	38	**—**	(5,731)
Finance costs	11	**16,191**	17,778
Interest income		**(6)**	(8)
Share-based payments		**—**	6,971
Operating cash flows before movements in working capital		**7,136**	(3,794)
Decrease in inventories		**234**	667
Increase in trade and other receivables		**(26,357)**	(4,778)
Increase in trade and other payables		**18,441**	7,725
Increase in amount due to a director		**—**	1,265
Cash (used in) from operations		**(546)**	1,085
Income tax paid		**—**	(50)
Net cash (used in) from operating activities		**(546)**	1,035

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2021

	Notes	2021 HK$'000	2020 HK$'000
Investing activities			
Purchase of property, plant and equipment		(359)	(9,237)
Proceeds from disposal of property, plant and equipment		30	—
Cash inflow arising from deemed partial disposal of subsidiaries	39	—	2,000
Cash inflow from disposal of a subsidiary	37	400	—
Interest received		6	8
Net cash from (used in) investing activities		77	(7,229)
Financing activities			
Interest paid		(1,105)	(3,264)
Repayments of lease liabilities		(1,185)	(2,663)
Secured bank loan raised		6,146	—
Repayments of secured bank loan		(11,167)	(67)
Other loans raised		7,500	12,200
Repayments of other loans		—	(2,762)
Net cash from financing activities		189	3,444
Net decrease in cash and cash equivalents		(280)	(2,750)
Effect of foreign exchange rate changes		2,055	(938)
Cash and cash equivalents at beginning of the year		10,064	13,752
Cash and cash equivalents at end of the year		11,839	10,064
Analysis of cash and cash equivalents			
Bank balances and cash		11,839	10,064

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of its principal place of business is Flat O, 10/F., Yue Cheung Centre, 1-3 Wong Chuk Yeung Street, Fo Tan, New Territories, Hong Kong. The Company's shares are listed on the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is same as the functional currency of the Company.

The Company is an investment holding company. Details of the principal activities of its subsidiaries are set out in note 41 to the consolidated financial statements.

2. BASIS OF PREPARATION FOR THE CONSOLIDATED FINANCIAL STATEMENTS

GOING CONCERN

The directors of the Company have given careful consideration to the going concern status of the Group in light of the fact that (i) the Group incurred a loss attributable to owners of the Company of approximately HK$37,987,000 for the year ended 31 March 2021 and (ii) as of that date, the Group had cash and cash equivalents of approximately HK$11,839,000 against the Group's total debts (comprising borrowings, promissory notes payables and convertible notes) amounted to approximately HK$111,360,000, which will be due within twelve months after the year ended 31 March 2021. These conditions indicate the existence of material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

2. BASIS OF PREPARATION FOR THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

GOING CONCERN *(Continued)*

In order to improve the liquidity of the Group and ensure the Group's ability to operate as a going concern, the directors of the Company have implemented measures as follows:

(i) On 22 October 2019, the Company filed a winding up petition at the Grand Court of the Cayman Islands (the "Cayman Court") under section 94 of the Cayman Islands Companies Law. On 5 November 2019, the Cayman Court ordered that Mr. Keiran William Hutchison of Ernst & Young Limited, together with Mr. Yen Ching Wai David and Ms. So Kit Yee Anita of Ernst & Young Transactions Limited be appointed as the Joint Provisional Liquidators ("JPLs") of the Company with the power to act jointly and severally. The JPLs were authorised to develop and propose a restructuring of the Company's indebtedness in a manner designed to allow the Company to continue as a going concern, with a view to making a compromise or arrangement with the Company's creditors, including (without limitation) a compromise or arrangement by way of a scheme of arrangement pursuant to section 86 of the Cayman Islands Companies Law.

Subsequent to reporting period, pursuant to a sealed and filed order of the Cayman Court dated 27 May 2021 (Cayman time), the Cayman Petition against the Company was withdrawn. In the same order, the JPLs were also discharged and released as provisional liquidators of the Company. As a result, there are no longer any winding up petition against the Company.

Up to the date of this report, the creditor scheme have become effective, the Company is processing the implementation of the creditor's scheme arrangement for the Group's debts restructuring in accordance with the Company's circular dated on 18 March 2021. As a result, the scheme had significantly reduced the liabilities of the Group and the Company.

(ii) Active negotiations with potential investors to obtain financial support to the Group for its operation on a going concern basis and undertake all the liabilities that may arise.

(iii) The directors of the Company will continue to implement measures aiming at improving the working capital and cash flows of the Group including closely monitoring general administrative expenses and operating costs.

2. BASIS OF PREPARATION FOR THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

GOING CONCERN *(Continued)*

The directors of the Company are of the opinion that, on the successful implementation of measures of the Group as described above, the Group will have sufficient working capital to meet its cash flow requirements in the next twelve months, and the uncertainty described previously will not have significant impact to the Group. Accordingly, these consolidated financial statements have been prepared on a going concern basis.

Should the going concern basis be determined to be not appropriate, adjustments would have to be made to write down the carrying amounts of the Group's assets to their net realisable values, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

3. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

AMENDMENTS TO HKFRSs THAT ARE MANDATORILY EFFECTIVE FOR THE CURRENT YEAR

In the current year, the Group has applied Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2020 for the preparation of the consolidated financial statements.

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

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

3. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

NEW AND AMENDMENTS TO HKFRSs IN 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 17	Insurance Contracts[1]
Amendments to HKFRS 16	COVID 19-Related Rent Concession[4]
Amendments to HKFRS 16	COVID 19-Related Rent Concession beyond 30 June 2021[6]
Amendments to HKFRS 3	Reference to the Conceptual Framework[2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2[5]
Amendments to HKFRS 10, and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation related amendments to Hong Kong Interpretation 5 (2020)[1]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to HKAS 8	Definition of Accounting Estimate[1]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020[2]

1 Effective for annual periods beginning on or after 1 January 2023

2 Effective for annual periods beginning on or after 1 January 2022.

3 Effective date to be determined.

4 Effective for annual periods beginning on or after 1 June 2020.

5 Effective for annual periods beginning on or after 1 January 2021.

6 Effective for annual periods beginning on or after 1 April 2021.

The directors of the Company anticipate that the application of the above new and amendments to HKFRSs will have no material impact on the Group's consolidated financial statements in the foreseeable future.

4. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value at the end of each reporting period, as explained in accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange of goods and services.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based Payment", leasing transactions that are accounted for in accordance with HKFRS 16 "Leases", and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" or value in use in HKAS 36 "Impairment of Assets".

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

BASIS OF CONSOLIDATION

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

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

The Group reassesses whether or not it has controls on an investee by considering the relevant facts and circumstances which would indicate that there are changes to one or more of the three elements of controls listed above.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

BASIS OF CONSOLIDATION *(Continued)*

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

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

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

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

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

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

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

INVESTMENT IN SUBSIDIARIES

Investment in subsidiaries presented in the statement of financial position of the Company are stated at cost less any identified impairment loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

CHANGES IN THE GROUP'S INTERESTS IN EXISTING SUBSIDIARIES

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 or when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

SEGMENT REPORTING

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group 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.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Revenue is measured at the fair value of the consideration received or receivable.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

FOREIGN CURRENCIES

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

Exchange differences arising on the settlement of monetary items and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

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

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment including leasehold land, buildings, leasehold improvements, moulding and equipment, motor vehicles and furniture and office equipment held for use in the production or supply of goods or services, or for administrative purposes are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

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

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in profit or loss.

INTANGIBLE ASSETS

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

IMPAIRMENT ON PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND INTANGIBLE ASSETS

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairments loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is any indication that they may be impaired.

The recoverable amount of property, plant and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the assets belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating units when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

INVENTORIES

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

LEASES

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of office that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

LEASES *(Continued)*

The Group as a lessee *(Continued)*

Right-of-use assets *(Continued)*

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 Financial Instruments and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

LEASES *(Continued)*

The Group as a lessee *(Continued)*

Lease liabilities *(Continued)*

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group represents lease liabilities as a separate line item on the consolidated statement of financial position.

The Group as lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

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

Refundable rental deposits

Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Sublease

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

GOVERNMENT GRANTS

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

GOVERNMENT GRANTS *(Continued)*

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

RETIREMENT BENEFIT COSTS

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

Pension schemes and other retirement benefits

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

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

SHARE-BASED PAYMENTS

Equity-settled share-based payments to directors and employees are measured at the fair value (excluding the effect of non market-based vesting conditions) of the equity instruments at the date of grant.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payment reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payment reserve.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

SHARE-BASED PAYMENTS *(Continued)*

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

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

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

BORROWING COSTS

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

TAXATION

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "loss before tax" as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

TAXATION *(Continued)*

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 "Income Taxes" requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities results in net deductible temporary difference.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

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

PROVISIONS

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

CASH AND CASH EQUIVALENTS

For the purpose of the consolidated statement of cash flows, cash and cash equivalents represent cash on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss ("FVTPL") are recognised immediately in profit or loss.

Effective interest method

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

FINANCIAL INSTRUMENTS *(Continued)*

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments/receivables subsequently measured at fair value through other comprehensive income. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset following the determination that the asset is no longer credit-impaired.

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost are measured at FVTPL. Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the consolidated statement of profit or loss and other comprehensive income.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

FINANCIAL INSTRUMENTS *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including financial assets included in trade and other receivables, and bank balances) which are subjected to impairment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for debtors with significant balance and/or collectively using a provision matrix with appropriate groupings based on aging and past due status.

For all other instruments, the Group measures the loss allowance based on 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

FINANCIAL INSTRUMENTS *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets *(Continued)*

(i) Significant increase in credit risk (Continued)

- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than one day past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 30 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, have granted to the borrower concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

FINANCIAL INSTRUMENTS *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets *(Continued)*

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over one year past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments;
- Past-due status; and
- Nature, size and industry of debtors.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

FINANCIAL INSTRUMENTS *(Continued)*

Financial assets *(Continued)*

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Convertible note

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

At the date of issue, the fair value of the liability component is estimated by measuring the fair value of similar liability that does not have an associated equity component.

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

FINANCIAL INSTRUMENTS *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Convertible note *(Continued)*

Transaction costs relating to the issuance of the convertible note are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction cost relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible notes using the effective interest method.

Promissory notes payables and interest-bearing bond

Promissory notes payables and interest-bearing bond are recognised initially at their fair value less attributable transaction cost and subsequently measured at amortised cost, using the effective interest rate method.

Other financial liabilities

The Group's other financial liabilities (including financial liabilities included in trade and other payables, borrowings, amount due to a director and lease liabilities) are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

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

RELATED PARTIES

A related party is a person or an entity that is related to the Group.

(a) A person, or a close member of that person's family, is related to the Group if that person:

 (i) has control or joint control over the Group;

 (ii) has significant influence over the Group; or

 (iii) is a member of the key management personnel of the Group or the Group's parent.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

RELATED PARTIES *(Continued)*

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

(i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) both entities are joint ventures of the same third party.

(iv) one entity is a joint venture of a third entity and other entity is an associate of the third entity.

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

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

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

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

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

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

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

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

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The following are the critical judgements, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Useful lives of property, plant and equipment

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

KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Impairment assessment of intangible assets

The Group assesses whether there are any indicators for impairment of intangible assets at the end of reporting period. Intangible assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying amount of the assets or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less cost of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incidental costs for disposing of the assets. When value in use calculations are undertaken, management must estimate the expected future cash flows from the assets or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Provision of ECL for trade and other receivables

The Group uses provision matrix to calculate ECL for the trade receivables. The provision matrix is based on debtor's aging as groupings of various debtors that have similar loss patterns. The provision rate is based on the Group's historical observed default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, trade receivables which are credit impaired are assessed for ECL individually.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade and other receivables are disclosed in notes 7(B) and 22 respectively.

Allowance for inventories

The Group reviews the carrying value of its inventories to ensure that they are stated at the lower of cost and net realisable value. In assessing the net realisable value and making appropriate allowances, management identifies, using their judgement, inventories that are slow moving or obsolete, and considering their physical conditions, age, market conditions and market price for similar items.

Income taxes

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

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

6. CAPITAL RISK MANAGEMENT

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

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

The Group monitors its capital using gearing ratio. This ratio is calculated as net debt divided by total assets. Net debts is defined as total debts (includes promissory notes payables, borrowings and convertible notes) less bank balances and cash. Total assets comprises both current assets and non-current assets. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2021 and 2020.

	2021 HK$'000	2020 HK$'000
Total debts	143,611	138,567
Less: Bank balances and cash	(11,839)	(10,064)
Net debt	131,772	128,503
Total assets	125,197	119,841
Gearing ratio	105.3%	107.2%

7. FINANCIAL INSTRUMENTS

(A) CATEGORIES OF FINANCIAL INSTRUMENTS

	2021 HK$'000	2020 HK$'000
Financial assets:		
Financial assets at FVTPL	—	—
Financial assets at amortised cost	102,131	73,519
	102,131	73,519
Financial liabilities:		
Financial liabilities at amortised cost	243,637	208,377

7. FINANCIAL INSTRUMENTS *(Continued)*

(B) FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

The Group's major financial instruments comprise financial assets included in trade and other receivables, bank balances and cash, trade and other payables, promissory notes payables, convertible notes, lease liabilities, amount due to a director and borrowings. Details of the financial instruments are disclosed in respective notes.

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

Interest rate risk

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

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 100 basis points (2020: 100 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If the interest rates had been 100 basis points (2020: 100 basis points) higher/lower and all other variables were held constant, the Group's loss for the year ended 31 March 2021 would increase/decrease by approximately HK$53,000 (2020: decrease/increase by approximately HK$10,000). This is mainly attributable to the Group's exposure to interest rates on its bank borrowing and bank balances.

Liquidity risk

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

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

7. FINANCIAL INSTRUMENTS *(Continued)*

(B) FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES *(Continued)*

Liquidity risk *(Continued)*

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on contractual undiscounted payments, was as follows:

	On demand/ less than 1 year HK'000	1 to 2 years HK$'000	2 to 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flow HK$'000	Carrying amounts HK$'000
At 31 March 2021						
Trade and other payables	99,790	—	—	—	99,790	99,790
Promissory notes payables	63,337	10,067	—	—	73,404	73,011
Borrowings	38,674	1,777	23,672	—	64,123	57,600
Convertible notes	13,000	—	—	—	13,000	13,000
Lease liabilities	178	81	—	—	259	236
	214,979	11,925	23,672	—	250,576	243,637

	On demand/ less than 1 year HK'000	1 to 2 years HK$'000	2 to 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flow HK$'000	Carrying amounts HK$'000
At 31 March 2020						
Trade and other payables	67,199	—	—	—	67,199	67,199
Amount due to a director	1,265	—	—	—	1,265	1,265
Promissory notes payables	35,689	32,204	10,044	—	77,937	71,551
Borrowings	46,455	1,254	2,400	10,351	60,460	54,709
Convertible notes	13,390	—	—	—	13,390	12,307
Lease liabilities	1,160	178	81	—	1,419	1,346
	165,158	33,636	12,525	10,351	221,670	208,377

7. FINANCIAL INSTRUMENTS *(Continued)*

(B) FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES *(Continued)*

Credit risk and impairment assessment

As at 31 March 2021, other than those financial assets whose carrying amounts best represent the maximum exposure to credit risk, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arises from the carrying amount of respective financial assets as stated in the consolidated statement of financial position. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Trade receivables

In order to minimise the credit risk, the management of the Group has delegated staff to be responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group will assess the customer's credit quality and defines credit limits by customer. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model upon application of HKFRS 9 on trade balances individually or based on provision matrix. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Other receivables and bank balances

The Group performs impairment assessment under ECL model upon application of HKFRS 9 on other receivables and bank balances based on 12-month ECL.

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

The credit risk of the Group's other financial assets, which comprise certain deposit included in other receivables, arises from default of the counterparty, which maximum exposure equals to the carrying amounts of these instruments.

7. FINANCIAL INSTRUMENTS *(Continued)*

(B) FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES *(Continued)*

Credit risk and impairment assessment *(Continued)*

Other receivables and bank balances *(Continued)*

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Other financial assets/other items
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL - not credit-impaired	12-month ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL - not credit-impaired	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL - not credit-impaired	Lifetime ECL - not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL - credit-impaired	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

7. FINANCIAL INSTRUMENTS *(Continued)*

(B) FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES *(Continued)*

Foreign currency risk

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

The directors consider that foreign currency risk of the Company for the years ended 31 March 2021 and 2020 are insignificant and therefore no sensitivity analysis is presented thereon.

(C) FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The directors of the Company consider the carrying amounts of the financial assets and financial liabilities recorded at amortised cost in the consolidated statement of financial position approximate their fair values.

8. REVENUE

(I) DISAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS

	2021 HK$'000	2020 HK$'000
Recognised at a point in time		
Sales of power and data cords and inlet sockets and medical control devices	110,671	63,904
Trading of commodities	—	113
	110,671	64,017

(II) PERFORMANCE OBLIGATIONS FOR CONTRACTS WITH CUSTOMERS

The Group sells its products directly to customers. Revenue is recognised when control of the goods has transferred and customer acceptance has been obtained, which is the point in time when the customer has the ability to direct the use of these products and obtain substantially all of the remaining benefits of these products.

9. OTHER INCOME AND GAIN OR (LOSS), NET

	2021 HK$'000	2020 HK$'000
Interest income	6	8
Gain on disposal of property, plant and equipment	30	—
Write-off of property, plant and equipment	(357)	(119)
Impairment loss of intangible assets	(12,770)	—
Impairment loss of other receivables	(2,472)	—
Write-off of other receivables	(135)	—
Reversal of impairment loss of other receivables	45	—
Net foreign exchange losses	(605)	(516)
Reversal of allowance for credit losses	—	743
Rental income	2,184	1,640
Sample income	669	18
Government subsidies (Note)	195	—
Sundry income	224	449
	(12,986)	2,223

Note:

Regarding the government subsidies, approximately HK$185,000 and HK$10,000 were received from the Employment Support Scheme in Hong Kong and One-off Subsidy for eligible goods vehicle in Hong Kong respectively.

10. 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 constitute the CODM for the purposes of HKFRS 8 as it collectively makes strategic decisions in allocating the Group's resources and assessing its performance.

For the segment reporting purpose to the CODM, the Group has currently organised one operating and reportable segment:

Power and data cords and general trading 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 and general trading business.

The accounting policies of the operating segment is the same as those described in note 4 to the consolidated financial statements.

Segment profit or (loss) do not include the following items:

– Other income and gain or (loss), net

– Corporate expenses

– Impairment loss on intangible assets

– Gain on disposal of a subsidiary

– Gain arising on deregistration of a subsidiary

– Finance costs

10. SEGMENT INFORMATION *(Continued)*

Segment assets do not include the following items:

- Financial assets at FVTPL
- Intangible assets
- Other corporate assets

Segment liabilities do not include the following items:

- Promissory notes payables
- Borrowings
- Convertible notes
- Other corporate liabilities

INFORMATION ABOUT REPORTABLE SEGMENT PROFIT OR (LOSS), ASSETS AND LIABILITIES:

	Power and data cords and general trading business 2021 HK$'000	2020 HK$'000
Year ended 31 March 2021		
Revenue from external customers	110,671	64,017
Segment profit	6,738	6,119
Other segment information:		
Interest income	6	8
Depreciation		
– property, plant and equipment	(2,773)	(2,913)
– right-of-use assets	(1,212)	(2,647)
Other material item of income and expenses:		
– Income tax (charge) credited	(664)	2,106
Additions to segment non-current assets		
– property, plant and equipment	359	9,237
– right-of-use assets	—	4,035
At 31 March 2021		
Segment assets	100,824	75,777
Segment liabilities	36,612	21,268

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For the year ended 31 March 2021

10. SEGMENT INFORMATION *(Continued)*

RECONCILIATIONS OF REPORTABLE SEGMENT REVENUE, PROFIT OR (LOSS), ASSETS AND LIABILITIES:

	2021 HK$'000	2020 HK$'000
Revenue		
Total revenue of reportable segment	110,671	64,017
Profit or (loss)		
Total profit of reportable segment	6,738	6,119
Other income and gain or (loss), net	(12,986)	2,223
Corporate expenses	(11,158)	(22,960)
Gain on disposal of a subsidiary	288	—
Gain arising on deregistration of a subsidiary	—	5,731
Finance costs	(16,191)	(17,778)
Consolidated loss for the year	(33,309)	(26,665)
Assets		
Total assets of reportable segment	100,824	75,777
Financial assets at FVTPL	—	—
Other corporate assets	24,373	44,064
Consolidated total assets	125,197	119,841
Liabilities		
Total liabilities of reportable segment	36,612	21,268
Promissory notes payables	73,011	71,551
Borrowings	57,600	54,709
Convertible notes	13,000	12,307
Other corporate liabilities	69,633	54,097
Consolidated total liabilities	249,856	213,932

10. SEGMENT INFORMATION *(Continued)*

GEOGRAPHICAL INFORMATION:

	Turnover		Non-current assets	
	2021 HK$'000	2020 HK$'000	**2021 HK$'000**	2020 HK$'000
Hong Kong	**31,472**	13,507	**2,767**	4,394
PRC (other than Hong Kong)	**58,104**	29,063	**16,140**	17,917
Taiwan	**1,593**	1,949	**—**	—
United States of America	**18,247**	18,426	**—**	—
Other countries	**1,255**	1,072	**—**	—
Total	**110,671**	64,017	**18,907**	22,311

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

REVENUE FROM MAJOR CUSTOMERS:

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

	2021		2020	
	HK$'000	**Proportion of total turnover**	HK$'000	Proportion of total turnover
Customer A	**30,765**	**27.8%**	11,902	18.6%
Customer B	**23,247**	**21.0%**	17,023	26.6%
Customer C	**19,577**	**17.7%**	N/A*	N/A*
Customer D	**18,247**	**16.5%**	18,426	28.8%
Customer E	**13,501**	**12.2%**	9,292	14.5%

* Revenue derived from customer did not contribute over 10% of total revenue of the Group.

11. FINANCE COSTS

	2021 HK$'000	2020 HK$'000
Effective interest expenses on convertible notes (Note 28)	808	1,291
Effective interest expenses on promissory notes payables (Note 26)	6,265	6,924
Effective interest expenses on unsecured interest-bearing bonds	799	801
Interest expenses on secured bank loan	327	702
Interest expenses on other loans	7,944	7,906
Interest expenses on lease liabilities	48	154
	16,191	17,778

12. TAXATION

	2021 HK$'000	2020 HK$'000
Hong Kong Profits Tax		
– current year	1,408	736
– over-provision in prior years	—	(3,783)
PRC Enterprise Income Tax		
- current year	191	941
	1,599	(2,106)
Deferred taxation *(Note 30)*	(935)	—
	664	(2,106)

For the years ended 31 March 2021 and 2020, under the two-tiered profits tax rates regime of Hong Kong, the first HK$2 million of assessable profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

12. TAXATION *(Continued)*

Pursuant to the Enterprise Income Tax rules and regulations of the PRC, the PRC subsidiaries of the Group are subject to Enterprise Income Tax at a rate of 25% (2020: 25%).

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

	2021 HK$'000	2020 HK$'000
Loss before tax	(32,645)	(28,771)
Tax at the applicable income tax rate	(8,160)	(7,192)
Tax effect of income not taxable for tax purpose	(2,120)	(2,758)
Tax effect of expenses not deductible for tax purpose	9,458	7,548
Tax effect of temporary differences not recognised	20	—
Utilisation of tax losses previously not recognised	—	(59)
Over-provision in prior years	—	(3,783)
Tax concession	(175)	(20)
Others	(917)	—
Effect of different tax rates of subsidiaries in other jurisdictions	2,558	4,158
Income tax charge (credit)	664	(2,106)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

13. LOSS FOR THE YEAR

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

	2021 HK$'000	2020 HK$'000
Staff costs including directors' emoluments		
Salaries, bonuses and allowances	10,804	14,429
Retirement benefits scheme contributions	91	109
Share-based payments	—	4,823
	10,895	19,361
Auditor's remuneration	950	1,200
Cost of inventories sold	77,874	35,911
Expenses relating to short-term lease		
– Office and staff quarters	2,817	2,080
Depreciation of property, plant and equipment	3,319	4,273
Depreciation of right-of-use assets	1,212	2,647
Allowance for obsolete stock	2,268	—
Reversal of allowance for obsolete stock	—	(1,312)
Allowance for credit losses	1,426	983
Reversal of allowance for credit losses	—	(743)
Net foreign exchange losses	605	516
Gain on disposal of property, plant and equipment	(30)	—
Write-off of property, plant and equipment	357	119
Impairment loss of other receivables	2,472	—
Reversal of impairment loss of other receivables	(45)	—
Write-off of other receivables	135	—
Share-based payments to consultants	—	2,148
Impairment loss of intangible assets	12,770	—
Gross rental income, less outgoing expenses of HK$nil (2020: HK$nil)	(2,184)	(1,640)

14. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(A) DIRECTORS' EMOLUMENTS

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

	Fees HK'000	Salaries and other benefits HK$'000	Discretionary bonuses HK$'000	Share-based payments HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
Year ended 31 March 2021						
Executive Directors:						
Rong Changjun *(Note a)*	—	120	—	—	—	120
Zhang Wenrong *(Note a)*	—	120	—	—	—	120
Hui Sai Ha *(Note b)*	—	81	—	—	3	84
Yuan Beisheng *(Note a)*	—	120	—	—	—	120
Yeung Shing Wai	—	120	—	—	6	126
Chen Tian Gang	—	120	—	—	—	120
Li Shu Wang	—	120	—	—	—	120
Zhang Shao Wu	—	120	—	—	—	120
	—	921	—	—	9	930
Independent Non-Executive Directors:						
Chu Kin Ming	60	—	—	—	—	60
Chiam Tat Yiu	60	—	—	—	—	60
Chan Wai Cheung Admiral	60	—	—	—	—	60
Cha Ho Wa *(Note c)*	19	—	—	—	—	19
	199	—	—	—	—	199
	199	921	—	—	9	1,129

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

14. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Continued)*

(A) DIRECTORS' EMOLUMENTS *(Continued)*

	Fees HK'000	Salaries and other benefits HK$'000	Discretionary bonuses HK$'000	Share-based payments HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
Year ended 31 March 2020						
Executive Directors:						
Zou Donghai	—	1,369	—	742	—	2,111
Rong Changjun *(Note a)*	—	930	—	586	—	1,516
Zheng Jian Peng	—	739	—	742	—	1,481
Zhang Wenrong *(Note a)*	—	930	—	586	—	1,516
Hui Sai Ha *(Note b)*	—	820	—	683	—	1,503
Yuan Beisheng *(Note a)*	—	480	—	683	—	1,163
Yeung Shing Wai	—	15	—	—	—	15
Chen Tian Gang	—	8	—	—	—	8
Li Shu Wang	—	7	—	—	—	7
Zhang Shao Wu	—	7	—	—	—	7
	—	5,305	—	4,022	—	9,327
Independent Non-Executive Directors:						
Qin Shihui	99	—	—	—	—	99
He Wen	101	—	—	—	—	101
Clay Huen	67	—	—	—	—	67
Lau Sung Tat Vincent	40	—	—	—	—	40
Chu Kin Ming	7	—	—	—	—	7
Chiam Tat Yiu	7	—	—	—	—	7
Chan Wai Cheung Admiral	4	—	—	—	—	4
	325	—	—	—	—	325
	325	5,305	—	4,022	—	9,652

14. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Continued)*

(A) DIRECTORS' EMOLUMENTS *(Continued)*

Notes:

(a) Duties suspended on 25 May 2021.

(b) Duties suspended on 9 April 2020 and resigned on 5 October 2020.

(c) Appointed on 7 December 2020.

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

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

There was no arrangement under which a director waived or agreed to waive any emoluments during the year (2020: Nil).

During the year ended 31 March 2021, no emoluments were paid by the Group to any of the directors as inducement to join or upon joining the Group or as compensation for loss of office (2020: Nil).

During the year, no retirement benefits, payment or benefits in respect of termination of directors' services were paid or made, directly or indirectly, to the directors, nor any are payable (2020: Nil). No consideration was provided to or receivable by third parties for making available directors' services (2020: Nil).

There are no loans, quasi loans and other dealing arrangements in favour of the directors, their controlled body corporates and connected entities for the years ended 31 March 2021 and 2020.

Save as disclosed in note 33, no director of the Company had a material interest, directly or indirectly, in any significant transaction, arrangements and contracts in relation to the Company's business to which the Company was or is a party that subsisted at the end of the year or at any time during the year (2020: Nil).

14. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Continued)*

(B) FIVE HIGHEST PAID INDIVIDUALS

Emoluments of five highest paid individuals in the Group during the year are employee of the Group, details of whose emoluments are set out below (2020: five directors whose emoluments are reflected in the analysis presented above):

	2021 HK$'000	2020 HK$'000
Salaries, bonuses and allowances	1,979	—
Retirement benefits scheme contributions	67	—
	2,046	—

The emoluments of individuals with the highest emoluments are within the following bands:

	2021 No. of individuals	2020 No. of individuals
Nil to HK$500,000	4	—
HK$500,001 to HK$1,000,000	1	—

During the year ended 31 March 2021, no emoluments were paid by the Group to any of the highest paid individuals as inducement to join or upon joining the Group or as compensation for loss of office (2020: Nil).

15. 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$37,987,000 (2020: approximately HK$31,926,000) by the number of ordinary shares of 380,019,818 (2020: number of ordinary shares of 380,019,818) in issue for the year ended 31 March 2021.

DILUTED LOSS PER SHARE

Diluted loss per share is the same as basic loss per share as the outstanding convertible notes and share options have anti-dilutive effects on the basic loss per share for the both years.

16. DIVIDEND

No dividend has been paid or declared by the Company during the years ended 31 March 2021 and 2020.

17. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land HK$'000	Buildings HK$'000	Leasehold improvements HK$'000	Moulding and equipment HK$'000	Motor vehicles HK$'000	Furniture and office equipment HK$'000	Total HK$'000
Cost							
At 1 April 2019	3,660	12,141	6,495	24,002	14,453	6,396	67,147
Reclassification on adoption of HKFRS 16	(3,660)	—	—	—	—	—	(3,660)
Additions	—	—	2,860	6,319	—	58	9,237
Write-off	—	—	(1,532)	(1,058)	—	(840)	(3,430)
Exchange differences	—	(468)	(209)	(983)	(213)	(121)	(1,994)
At 31 March 2020 and 1 April 2020	—	11,673	7,614	28,280	14,240	5,493	67,300
Additions	**—**	**—**	**—**	**313**	**—**	**46**	**359**
Write-off	**—**	**—**	**(4,987)**	**(21,605)**	**(8,545)**	**(4,996)**	**(40,133)**
Disposal	**—**	**—**	**—**	**—**	**(610)**	**—**	**(610)**
Exchange differences	**—**	**706**	**431**	**1,853**	**321**	**188**	**3,499**
At 31 March 2021	**—**	**12,379**	**3,058**	**8,841**	**5,406**	**731**	**30,415**

17. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Leasehold land HK$'000	Buildings HK$'000	Leasehold improvements HK$'000	Moulding and equipment HK$'000	Motor vehicles HK$'000	Furniture and office equipment HK$'000	Total HK$'000
Accumulated depreciation and impairment							
At 1 April 2019	1,895	1,642	6,495	22,902	11,323	6,108	50,365
Reclassification on adoption of HKFRS 16	(1,895)	—	—	—	—	—	(1,895)
Charge for the year	—	303	468	1,366	1,965	171	4,273
Write-off	—	—	(1,532)	(1,058)	—	(721)	(3,311)
Exchange differences	—	(45)	(205)	(930)	(183)	(107)	(1,470)
At 31 March 2020 and 1 April 2020	—	1,900	5,226	22,280	13,105	5,451	47,962
Charge for the year	—	310	597	1,605	727	80	3,319
Write-off	—	—	(4,987)	(21,605)	(8,192)	(4,992)	(39,776)
Eliminated on disposal	—	—	—	—	(610)	—	(610)
Exchange differences	—	96	302	1,500	315	185	2,398
At 31 March 2021	—	2,306	1,138	3,780	5,345	724	13,293
Net carrying amounts							
At 31 March 2021	—	10,073	1,920	5,061	61	7	17,122
At 31 March 2020	—	9,773	2,388	6,000	1,135	42	19,338

Buildings with carrying amount of approximately HK$10,073,000 (2020: approximately HK$9,773,000) are pledged to a bank and a financial institution to secure facilities granted to the Group.

18. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

RIGHT-OF-USE ASSETS

	Leasehold land HK$'000	Leased properties HK$'000	Total HK$'000
Carrying amounts:			
At 31 March 2020	1,667	1,306	2,973
At 31 March 2021	1,569	216	1,785
Depreciation:			
For the year ended 31 March 2020	98	2,549	2,647
For the year ended 31 March 2021	98	1,114	1,212

	2021 HK$'000	2020 HK$'000
Expense relating to short-term leases	2,817	2,080
Additions to right-of-use assets	—	457
Write-off on termination of lease, net	—	39
Total cash outflow for leases	4,001	2,663

Note:

Leasehold land with carrying amount of approximately HK$1,569,000 (2020: approximately HK$1,667,000) located in Hong Kong is pledged to a financial institution to secure facilities granted to the Group. The leasehold land is a medium-term lease and has remaining lease term of 26 (2020: 27) years.

All leased properties are located in Hong Kong.

18. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES *(Continued)*

LEASE LIABILITIES

	2021 HK$'000	2020 HK$'000
Lease liabilities:		
Within one year	163	1,112
Within a period of more than one year but not more than two years	73	162
Within a period of more than two years but not more than five years	—	72
	236	1,346
Less: Amount due for settlement within 12 months shown under current liabilities	(163)	(1,112)
Amount due for settlement after 12 months shown under non-current liabilities	73	234

The weighted average incremental borrowing rates applied to lease liabilities range from 6.09% to 10.8% p.a. (2020: 6.09% to 10.8% p.a.).

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

As at 31 March 2020 and 2021, the Group's financial assets at FVTPL represent investment in a company listed on the Indian Stock Market. The fair value of the listed equity investment was based on the quoted market bid prices available on the stock exchange where the securities were listed. Since 1 January 2018, the investee company's shares were suspended in trading in the stock market. The directors of the Company considered it appropriate to make a full provision for impairment on the investment due to the uncertainty of resumption of trading of the investee company's shares in an active market and the remote possibility in realisation of these financial assets. Up to the date of this report, the investee company's shares remained in suspension of trading on the Indian Stock Market.

	2021 HK$'000	2020 HK$'000
Equity securities investment	—	—

20. INTANGIBLE ASSETS

	Patent HK$'000
Cost	
At 1 April 2019, 31 March 2020 and 1 April 2020	—
Addition	12,770
At 31 March 2021	12,770
Amortisation and impairment	
At 1 April 2019, 31 March 2020 and 1 April 2020	—
Impairment	12,770
At 31 March 2021	12,770
Net carrying amount	
At 31 March 2021	—
At 31 March 2020	—

On 24 October 2018, the Company entered into a patent service agreement ("Patent Agreement") with a service provider ("Company A") in a contract sum of HK$15,000,000 pursuant to which the Company A would process the research and development and transfer of certain patents in the People's Republic of China ("PRC") for the Group's oil tank cleaning business development. From October to November 2018, the Company made certain prepayments amounting to, in aggregate, HK$12,770,000 to the Company A in accordance with the Patent Agreement. Subsequently on 24 August 2020, the Company and Company A had entered into an agreement that the patent be transferred from Company A to the Company and the unpaid balance of HK$2,330,000 was mutually agreed to be waived. The registration for the transfer of the patent in China National Intellectual Property Administration had been completed on 14 September 2020.

At the year end date, the Group had engaged an independent professional valuer to perform impairment assessment of the Group's intangible assets. Due to the limited internal resources and unstable economic environment around the world, the management, after carefully consideration, would not further develop oil tank cleaning business and considered that the patent would not be expected to generate probable future economic benefit to the Group. Based on value in use calculations, the recoverable amount of intangible assets was HK$Nil and full impairment of HK$12,770,000 was recognised to profit or loss.

21. INVENTORIES

	2021 HK$'000	2020 HK$'000
Raw materials	1,213	1,091
Work in progress	1,732	1,715
Finished goods	482	3,123
	3,427	5,929

During the year ended 31 March 2021, the Group has made an allowance for obsolete stock of approximately HK$2,268,000 (2020: reversal of allowance for obsolete stock of approximately HK$1,312,000) which has been included in cost of sales. No inventory was stated at net realisable value as at 31 March 2021 (2020: HK$Nil).

22. TRADE AND OTHER RECEIVABLES

	2021 HK$'000	2020 HK$'000
Trade receivables from contract with customers *(Note a)*	73,210	38,838
Less: Allowance for credit losses *(Note a)*	(7,614)	(6,188)
	65,596	32,650
Other receivables *(Note b)*	27,900	48,932
Less: provision of impairment	(2,472)	(45)
	25,428	48,887
	91,024	81,537

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. In determining the recoverability of trade receivables, the Group considers any changes in credit quality of trade receivables from the date credit was initially granted up to the end of the reporting period. The Group does not hold any collateral or other credit enhancements over its trade receivable balances.

22. TRADE AND OTHER RECEIVABLES *(Continued)*

Notes: (Continued)

(a) Trade receivables *(Continued)*

The aging analysis of trade receivables (net of allowance for credit losses) based on the invoice dates is as follows:

	2021 HK$'000	2020 HK$'000
Within 30 days	5,711	13,200
31 – 60 days	1,990	10,751
61 – 90 days	6,868	5,891
91 – 180 days	35,032	2,808
Over 180 days	15,995	—
	65,596	32,650

The aging analysis of trade receivables which are past due but not impaired as at the reporting date based on the past due dates is as follows:

	2021 HK$'000	2020 HK$'000
Within 30 days	10,102	2,450
31 – 60 days	20,917	1,492
61 – 90 days	—	1,145
91 – 180 days	15,522	179
Over 180 days	9,102	—
	55,643	5,266

Movements in allowance for credit losses are as follows:

	2021 HK$'000	2020 HK$'000
At 1 April	6,188	5,948
Provision of allowance for credit losses	1,426	983
Reversal of allowance for credit losses	—	(743)
At 31 March	7,614	6,188

22. TRADE AND OTHER RECEIVABLES *(Continued)*

Notes: (Continued)

(a) Trade receivables *(Continued)*

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

	2021 HK$'000	2020 HK$'000
HK$	8,952	4,111
United States dollars ("US$")	34,013	16,694
Renminbi ("RMB")	22,631	11,845
	65,596	32,650

(b) Other receivables

	2021 HK$'000	2020 HK$'000
Advances to staff	34	451
Amount due from a related party *(Note (i))*	355	1,473
Deposits paid for purchase of oil products *(Note (ii))*	22,500	22,500
Deposits paid to other suppliers	—	1,538
Prepayments for purchases	732	5,085
Prepayment for acquisition of intangible asset	—	12,770
Prepayments and deposits	931	267
Others	876	4,803
	25,428	48,887

Notes:

(i) The related party, Mr. Yeung Tin Hung, is a family member of Mr. Yeung Shing Wai who has been an executive director of the Company since 16 February 2020. The amount is unsecured, interest-free and repayable on demand.

(ii) On 12 July 2018, a wholly-owned subsidiary of the Company ("Subsidiary A") paid trade deposits amounting to HK$17,000,000 and HK$5,500,000 ("Oil Trade Deposits") respectively to two suppliers ("Trade Suppliers") in accordance with certain oil supply contracts. The Oil Trade Deposits were used for purchase of oil products from the Trade Suppliers to be sold in the ordinary course of business of the Group. On 30 June 2020, Subsidiary A further entered into Deeds of Assignment ("Deeds") with the Trade Suppliers and Baineng Holdings Limited ("Baineng"), a potential investor which had entered into a non-legally binding memorandum of understanding with the Company for subscription of new shares and bonds of the Company (details disclosed in the Company's announcement dated 23 December 2019 and 6 March 2020 respectively). On 28 June 2021, upon the successful in the resumption of trading in the Company's shares, Baineng has taken over the Oil Trade Deposits from the Trade Suppliers and agreed to refund the deposits to the Group.

23. CONTINGENT CONSIDERATION RECEIVABLES

	2021 HK$'000	2020 HK$'000
Carrying amount of contingent consideration receivables	22,000	22,000
Less: Provision of impairment	(22,000)	(22,000)
	—	—

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 ("Dynamic Miracle") that the audited net profits after tax of 3 Dynamics as shown in its audited financial statements for the 12 months from the date of the completion of acquisition, i.e. for the period from 11 December 2013 to 10 December 2014 (the "Relevant Period") shall not be less than HK$42,000,000 (the "Profit Guarantee"). The Profit Guarantee was secured by 140,000,000 consideration shares ("Escrow Shares") of the Company issued to the Vendor. As certified by the previous auditor of 3 Dynamics, 3 Dynamics has recorded a net loss after tax in its audited financial statements for the period from 11 December 2013 to 10 December 2014 and there was no profit for the Relevant Period pursuant to the SPA. Under the terms and conditions as stipulated in the 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 was 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 2020, the balance of HK$22,000,000 was still outstanding for the Profit Guarantee and 73,870,000 shares (before adjustment for share consolidation pursuant to on ordinary resolution passed on 28 November 2018) of the Escrow Shares remained as a security for the Profit Guarantee.

During the year ended 31 March 2021, the Company was still in the process of negotiating with the Vendor on the recovery of the outstanding amount. As at 31 March 2021, the outstanding balance of HK$22,000,000 (2020: HK$22,000,000) represents the nominal amount of cash to be received for the Profit Guarantee. However, the receivables have been long outstanding, despite the Escrow Shares held, full provision for the amount receivables had been made during the year ended 31 March 2017.

24. BANK BALANCES AND CASH

At 31 March 2021, the balances that were placed with banks in the PRC amounted to approximately HK$951,000 (2020: approximately HK$1,878,000). Remittance of funds out of the PRC is subject to the exchange regulations imposed by the PRC law.

As at 31 March 2021, the Group's short-term bank deposits carried at market interest rates ranged from 0.001% to 0.35% p.a. (2020: 0.001% to 0.35% p.a.).

The carrying amounts of the Group's bank balances and cash are denominated in the following currencies:

	2021 HK$'000	2020 HK$'000
HK$	2,191	3,116
RMB	1,212	2,109
US$	8,436	4,839
	11,839	10,064

25. TRADE AND OTHER PAYABLES

	2021 HK$'000	2020 HK$'000
Trade payables *(Note a)*	20,385	4,638
Other payables *(Note b)*	79,405	62,561
	99,790	67,199

Notes:

(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:

	2021 HK$'000	2020 HK$'000
Not yet due	2,403	3,745
1 – 30 days past due	1,229	542
31 – 60 days past due	3,965	172
61 – 90 days past due	3,180	31
91 – 180 days past due	9,516	85
181 – 360 days past due	67	63
Over 360 days past due	25	—
	20,385	4,638

25. TRADE AND OTHER PAYABLES *(Continued)*

Notes: (Continued)

(a) Trade payables *(Continued)*

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

	2021 HK$'000	2020 HK$'000
HK$	3,232	4,209
RMB	4,436	313
US$	12,717	116
	20,385	4,638

(b) Other payables

	2021 HK$'000	2020 HK$'000
Accruals	12,868	12,158
Interest payables	29,135	16,250
Non-refundable deposit for subscription of shares (Note (i))	5,000	5,000
Salary and welfare payables	15,154	13,992
Amount due to a former director	1,265	—
Others	15,983	15,161
	79,405	62,561

Note:

(i) On 23 December 2019, the Company and a potential investor ("First Potential Investor") entered into a non-legally binding memorandum of understanding ("MOU") pursuant to which the First Potential Investor shall invest a sum of HK$40,000,000 in the Company by way of subscription of shares and bonds. During the year ended 31 March 2020, the First Potential Investor has placed a non-refundable deposit in the sum of HK$5,000,000 in cash ("Deposit") to the Company.

On 6 March 2020, the Company entered into a deed of assignment and novation with the First Potential Investor as assignor, the assignee ("Second Potential Investor") and a warrantor (a director of the First Potential Investor) pursuant to which (a) the First Potential Investor has assigned to the Second Potential Investor all its rights, titles, benefits and interests in and under the MOU (including the Deposit under the MOU); and (b) the Second Potential Investor has undertaken to each of the First Potential Investor and the Company to be bound by and to observe and perform the terms, conditions and covenants of the MOU on the part of the First Potential Investor, and to assume all liabilities of the First Potential Investor under the MOU from the date of the deed of assignment and novation.

26. PROMISSORY NOTES PAYABLES

	2021 HK$'000	2020 HK$'000
At 1 April	71,551	69,211
Effective interest charged (Note 11)	6,265	6,924
Interest paid/payable	(4,805)	(4,584)
At 31 March	73,011	71,551
Less: Amounts classified as current liabilities	(62,140)	(30,072)
Amounts classified as non-current liabilities	10,871	41,479

The promissory notes were unsecured, bearing interest at rates ranging from 2.5% to 14% per annum and with maturity dates range from 1 to 7 years from the dates of issue. The effective interest rates of the promissory notes range from 6.8% to 21.1% per annum.

At any time prior to the maturity date, the Company has the sole discretion to elect for redemption of 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 agreed between the Company and promissory notes holders), at a redemption price equal to 100% of the principal amount of the promissory notes, plus accrued and unpaid interest thereon at the redemption date.

The early redemption right is regarded as embedded derivatives in the host contract. The early redemption right is not recognised in the consolidated financial statements since the redemption is at the discretion of the Company and the directors of the Company consider that the probability of exercise of the early redemption right is remote. The directors of the Company have assessed the fair values of the early redemption right at initial recognition and at the end of the reporting period and consider that the fair value of the early redemption right was immaterial.

27. BORROWINGS

	2021 HK$'000	2020 HK$'000
Secured bank loan *(Note a)*	6,499	11,108
Unsecured interest-bearing bonds *(Note b)*	10,000	10,000
Other loans *(Note c)*	41,101	33,601
	57,600	54,709
Secured	18,699	23,308
Unsecured	38,901	31,401
	57,600	54,709
Less: Amounts classified as current liabilities	(36,220)	(44,709)
Amount classified as non-current liabilities	21,380	10,000

Notes:

(a) Secured bank loan

The scheduled principal repayment dates of the bank loan with reference to the bank loan agreement are as follows:

	2021 HK$'000	2020 HK$'000
The carrying amount of the bank loan is repayable:		
Within one year	119	11,108
More than one year but not exceeding two years	119	—
More than two years but not exceeding five years	6,261	—
	6,499	11,108

As at 31 March 2021, the secured bank loan, which was denominated in RMB, was secured by the (i) Group's buildings with carrying amounts of approximately HK$9,253,000, equivalent to approximately RMB7,760,000 (2020: approximately HK$8,923,000, equivalent to approximately RMB7,985,000), (ii) supported by guarantees provided by a director of the Company and his spouse (2020: supported by guarantees provided by a director of the Company and his spouse and a building provided by a director of the Company and his spouse and (iii) supported by corporate guarantees provided by a subsidiary of the Company. The secured bank loan bears interest at approximately 4.50% (2020: 6.09%) per annum.

27. BORROWINGS *(Continued)*

Notes: (Continued)

(b) Unsecured interest-bearing bonds

As at 31 March 2021, the Company had outstanding unsecured interest-bearing bond in the principal amount of HK$10,000,000 (2020: HK$10,00,000) which bears interest at 8% (2020 : 8%) per annum and with a maturity of 5 years (2020: 6 years) from the end of the reporting period.

(c) Other loans

As at 31 March 2021, the Company had outstanding other loans, in aggregate, of approximately HK$41,101,000, which bear interest ranging from 10.8% to 30.0% per annum, and matured within 3 years from the end of the reporting period.

	2021 HK$'000	2020 HK$'000
The carrying amount of the other loans are repayable:		
Within one year	**36,101**	26,401
After one year but less than two years	**—**	7,200
After two years but less than five years	**5,000**	—
	41,101	33,601
Secured	**12,200**	12,200
Unsecured	**28,901**	21,401
	41,101	33,601

Details of the pledge of assets at 31 March 2021 and 2020 are set in Note 35.

28. CONVERTIBLE NOTES

On 2 November 2018, the Company issued convertible notes with an aggregate principal amount of HK$13,000,000 ("2020 CN"), due on 2 November 2020 and bearing interest at 1.5% per annum payable on due date. The 2020 CN can be converted into fully paid ordinary shares with a par value of HK$0.004 each of the Company at a conversion price of HK$4 (after adjustment on consolidation of shares in year 2018).

On initial recognition, the equity component of the convertible notes was separated from the liability component. The equity element is presented in equity as convertible notes equity reserve. The effective interest rate of the liability component is 11.43% per annum.

Upon the full conversion of the outstanding 2020 CN at the conversion price of HK$4 per conversion share, the outstanding 2020 CN would be converted into 3,250,000 ordinary shares.

On the maturity date, any of the 2020 CN not converted or redeemed during the tenure will be redeemed at 100% of its principal amount and accrued interest. Up to the date of this report, the directors are negotiating with the noteholders to obtain an extension for repayment of the 2020 CN and not to demand for repayment of the convertible notes.

	2020 CN HK$'000
At 1 April 2019	11,211
Effective interest charged (Note 11)	1,291
Interest payable	(195)
At 31 March 2020 and 1 April 2020	12,307
Effective interest charged (Note 11)	808
Interest payable	(115)
At 31 March 2021	13,000

	2021 HK$'000	2020 HK$'000
Analysed for reporting purposes as:		
Current liabilities	13,000	12,307

29. AMOUNT DUE TO A DIRECTOR

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

30. DEFERRED TAX LIABILITIES

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

	Accelerated tax depreciation HK$'000	Withholding tax on undistributed earnings HK$'000	Total HK$'000
At 1 April 2019, 31 March 2020 and 1 April 2020	157	816	973
Credit to profit or loss (Note 12)	**(119)**	**(816)**	**(935)**
At 31 March 2021	**38**	**—**	**38**

At the end of the reporting period, the Group had no unused tax loss (2020: Nil) available for offset against future profits.

31. SHARE CAPITAL

	Number of ordinary shares	Amount HK$'000
Authorised		
Ordinary shares of HK$0.004 each		
At 1 April 2019, 31 March 2020 and 31 March 2021	**2,000,000,000**	**8,000**

	Number of ordinary shares	Amount HK$'000
Issued and fully paid		
At 1 April 2019, 31 March 2020 and 31 March 2021	**380,019,818**	**1,520**

32. SHARE-BASED PAYMENTS

EQUITY-SETTLED SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose to attract, retain and motivate eligible participants who contribute to the success of the Group's operations. Eligible participants include full-time and part-time employees, executives, officers, directors, business consultants, agents, legal and financial advisers of the Company and the Company's subsidiaries. The Scheme became effective on 27 April 2011 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date. The Scheme had been expired on 26 April 2021 and the Company is processing a new share option scheme.

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

Share options granted to directors, Chief Executive or substantial shareholder of the Company, or to any of their associates are subject to approval in advance by the Independent Non-Executive Directors. In addition, any share options granted to a substantial shareholder or an Independent Non-Executive Director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the closing price of the Company's shares at the date of the grant) in excess of HK$5,000,000, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

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

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

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

32. SHARE-BASED PAYMENTS *(Continued)*

EQUITY-SETTLED SHARE OPTION SCHEME *(Continued)*

The following table disclosed details of the Company's options under the Scheme held by the directors, employees and consultants and the movements during the year ended 31 March 2021:

Grantee	Date of grant	Exercise period	Exercise price	At 1 April 2020	Granted during the year	Exercised during the year	Expired during the year	Lapsed during the year	Outstanding at 31 March 2021
			HK$						
Directors	21.4.2017 *(Note c)*	21.4.2017 to 20.4.2020	2.52	2,640,000	–	–	–	(2,640,000)	–
	16.4.2019	16.4.2019 to 15.4.2022	0.36	20,600,000	–	–	–	(7,600,000)	13,000,000
Employees	11.4.2018 *(Note c)*	11.4.2018 to 10.4.2021	1.04	8,450,000	–	–	–	–	8,450,000
	16.4.2019	16.4.2019 to 15.4.2022	0.36	4,100,000	–	–	–	–	4,100,000
Consultants	10.10.2013 *(Note a)*	10.10.2013 to 9.10.2023	7.82	1,375,000	–	–	–	–	1,375,000
	13.1.2014 *(Note a)*	13.1.2014 to 12.1.2024	6.28	2,750,000	–	–	–	–	2,750,000
	14.7.2014 *(Note b)*	14.7.2014 to 13.7.2024	5.12	3,850,000	–	–	–	–	3,850,000
	21.8.2014 *(Note b)*	21.8.2014 to 20.8.2024	4.52	1,375,000	–	–	–	–	1,375,000
	16.2.2015 *(Note b)*	16.2.2015 to 15.2.2025	3.28	2,179,350	–	–	–	–	2,179,350
	17.3.2015 *(Note b)*	17.3.2015 to 16.3.2025	3.68	3,121,200	–	–	–	–	3,121,200
	11.4.2018 *(Note c)*	11.7.2018 to 10.7.2021	1.04	2,112,500	–	–	–	–	2,112,500
	16.4.2019	16.4.2019 to 15.4.2022	0.36	11,000,000	–	–	–	–	11,000,000
				63,553,050	–	–	–	(10,240,000)	53,313,050

32. SHARE-BASED PAYMENTS *(Continued)*

EQUITY-SETTLED SHARE OPTION SCHEME *(Continued)*

The following table disclosed details of the Company's options under the Scheme held by the directors, employees and consultants and the movements during the year ended 31 March 2020:

Grantee	Date of grant	Exercise period	Exercise price HK$	At 1 April 2019	Granted during the year	Exercised during the year	Expired during the year	Lapsed during the year	Outstanding at 31 March 2020
Directors	17.3.2015 *(Note b)*	17.3.2015 to 16.3.2025	3.68	1,079,350	–	–	–	(1,079,350)	–
	21.4.2017 *(Note c)*	21.4.2017 to 20.4.2020	2.52	5,280,000	–	–	–	(2,640,000)	2,640,000
	16.4.2019	16.4.2019 to 15.4.2022	0.36	–	20,600,000	–	–	–	20,600,000
Employees	11.4.2018 *(Note c)*	11.4.2018 to 10.4.2021	1.04	8,450,000	–	–	–	–	8,450,000
	16.4.2019	16.4.2019 to 15.4.2022	0.36	–	4,100,000	–	–	–	4,100,000
Consultants	10.10.2013 *(Note a)*	10.10.2013 to 9.10.2023	7.82	1,375,000	–	–	–	–	1,375,000
	13.1.2014 *(Note a)*	13.1.2014 to 12.1.2024	6.28	2,750,000	–	–	–	–	2,750,000
	14.7.2014 *(Note b)*	14.7.2014 to 13.7.2024	5.12	3,850,000	–	–	–	–	3,850,000
	21.8.2014 *(Note b)*	21.8.2014 to 20.8.2024	4.52	1,375,000	–	–	–	–	1,375,000
	16.2.2015 *(Note b)*	16.2.2015 to 15.2.2025	3.28	2,179,350	–	–	–	–	2,179,350
	17.3.2015 *(Note b)*	17.3.2015 to 16.3.2025	3.68	3,121,200	–	–	–	–	3,121,200
	11.4.2018 *(Note c)*	11.7.2018 to 10.7.2021	1.04	2,112,500	–	–	–	–	2,112,500
	16.4.2019	16.4.2019 to 15.4.2022	0.36	–	11,000,000	–	–	–	11,000,000
				31,572,400	35,700,000	–	–	(3,719,350)	63,553,050

Notes:

(a) The exercise price of the share options granted in prior years have been adjusted pursuant to the share subdivision and share consolidation of the Company's shares becoming effective on 25 March 2014, 30 September 2016 and 29 November 2018.

(b) The exercise price of the share options granted in prior years have been adjusted pursuant to the share subdivision and share consolidation of the Company's shares becoming effective on 30 September 2016 and 29 November 2018.

(c) The fair value and the exercise price of the share options granted in prior year have been adjusted pursuant to the share consolidation of the Company's shares becoming effective on 29 November 2018.

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

32. SHARE-BASED PAYMENTS *(Continued)*

EQUITY-SETTLED SHARE OPTION SCHEME *(Continued)*

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

	2021		2020	
	Number of share options	Weighted average exercise price HK$	Number of share options	Weighted average exercise price HK$
Outstanding at the beginning of the year	63,553,050	1.62	31,572,400	3.20
Granted during the year	—	—	35,700,000	0.36
Lapsed during the year	(10,240,000)	0.92	(3,719,350)	2.86
Outstanding and exercisable at the end of the year	53,313,050	1.76	63,553,050	1.62

The options outstanding at the end of the year have a weighted average remaining contractual life of 1.48 years (2020: 2.37 years) and the exercise prices range from HK$0.36 to HK$7.82 (2020: from HK$0.36 to HK$7.82), after adjustment for the share consolidation in year 2018.

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

Date of grant	Fair value	Exercise price	Expected volatility	Risk free rate	Expected life
16 April 2019	HK$0.195	HK$0.360	90.70%	1.64%	3 years

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

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

32. SHARE-BASED PAYMENTS *(Continued)*

EQUITY-SETTLED SHARE OPTION SCHEME *(Continued)*

During the year ended 31 March 2020, the Company granted 35,700,000 share options with exercise price of HK$0.36 per share under the Scheme. During the year ended 31 March 2021, the Company did not grant any share option under the Scheme.

The Group recognised the total expense of approximately HK$6,971,000 for the year ended 31 March 2020 in relation to share options granted by the Company.

33. RELATED PARTY TRANSACTIONS

In addition to transactions and balances disclosed elsewhere in these consolidated financial statements, the Group had the following related party transactions during the year:

Compensation of key management personnel of the Group

	2021 HK$'000	2020 HK$'000
Fees, salaries and allowances	1,120	5,630
Share-based payments	—	4,022
Retirement benefits scheme contribution	9	—
	1,129	9,652

34. OPERATING LEASE COMMITMENTS

THE GROUP AS LESSEE

At the end of reporting period, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2021 HK$'000	2020 HK$'000
Within one year	1,901	—

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

35. PLEDGE OF ASSETS

At the end of the reporting period, the following assets were pledged to secure borrowings granted to the Group:

	2021 HK$'000	2020 HK$'000
Right-of-use assets *(Note (i))*	1,569	1,667
Buildings *(Note (i))*	10,073	9,773
	11,642	11,440

Note:

(i) Leasehold land and building were pledged to a bank and a lender to secure facilities of approximately in total of HK$13,699,000 (2020: approximately HK$18,308,000) granted to the Group.

The Group's 51% (2020: 51%) equity interests in Able One Investments Limited, a subsidiary of the Company, was pledged to an independent third party to secure an interest-bearing other loan as described in note 27.

36. RETIREMENT BENEFITS SCHEME

The Group operates a mandatory provident fund scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. The Group's contributions to the MPF Scheme are calculated at 5% of the salaries and wages subject to a monthly maximum amount of contribution of HK$1,500 per employee and vest fully with employees when contributed into the MPF Scheme.

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

37. DISPOSAL OF A SUBSIDIARY

During the year ended 31 March 2021, the Group disposed of the entire interests in a wholly-owned subsidiary incorporated in Hong Kong to an independent third party at consideration of HK$400,000 and resulting in a gain on disposal of HK$288,000.

37. DISPOSAL OF A SUBSIDIARY *(Continued)*

The aggregate net assets of the subsidiary at the date of disposal were as follows:

	HK$'000
Prepayment	112
Net assets disposal of	112
Total consideration	(400)
Net gain on disposal	(288)

An analysis of net inflows of cash and cash equivalents in respect of the disposal of the subsidiary is as follows:

	HK$'000
Net cash inflow arising on disposal:	
Cash consideration received	400
Cash and cash equivalents disposed of	—
	400

38. DEREGISTRATION OF A SUBSIDIARY

Sun Fair Electric Wire & Cable (Chenzhou) Company Limited ("SFCZ"), a subsidiary registered in the PRC, was deregistered on 12 August 2019. SFCZ was principally engaged in manufacturing and trading of power and data cords during the period.

Net liabilities of SFCZ at the date of deregistration were as follows:

	HK$'000
Other payables	(4,520)
Net liabilities being disposal of	(4,520)
Release of foreign currency translation reserve	(618)
Non-controlling interest	(593)
Gain arising on deregistration of a subsidiary	(5,731)
Analysis of cash flow of cash and cash equivalents arising from deregistration of a subsidiary	—

39. DEEMED PARTIAL DISPOSAL OF SUBSIDIARIES

On 5 July 2019, Able One Investments Limited ("Able One"), a wholly-owned subsidiary of the Company, entered into a Subscription Agreement ("Agreement") with an independent third party ("Subscriber"). Pursuant to the Agreement, Able One agreed to allot and issue, and the Subscriber agreed to subscribe for, 49% of equity interest in Able One at an aggregate consideration of HK$2,000,000.

The share allotment in Able One was completed on 12 July 2019. Upon completion of the share allotment, the Subscriber holds 49% of equity interest in Able One and its subsidiaries, representing entire power and data cords and general trading business of the Group.

As the Group retained its control over Able One, Able One and its subsidiaries remained as subsidiaries of the Group after the share allotment which was then accounted for as deemed partial disposal of subsidiaries.

Assets and liabilities of Able One and its subsidiaries at the date of share allotment were as follows:

	HK$'000
Property, plant and equipment	17,215
Right-of-use assets	4,555
Inventories	4,165
Trade and other receivables	47,800
Amounts due from group companies	417
Bank balances and cash	2,523
Trade and other payables	(61,990)
Borrowings	(11,300)
Tax payables	(3,677)
Lease liabilities	(2,836)
Deferred tax liabilities	(973)
Net liabilities disposal of	(4,101)
Retained interest	1,071
Net gain arising on deemed partial disposal of subsidiaries - equity transaction reserve	(3,030)
Analysis of net inflow of cash and cash equivalents arising form deemed partial disposal of subsidiaries	2,000

40. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2021 HK$'000	2020 HK$'000
Non-current assets		
Interests in subsidiaries *(Note a)*	26,860	26,856
Property, plant and equipment	32	1,198
	26,892	28,054
Current assets		
Deposits, prepayment and other receivables	903	16,582
Bank balances and cash	364	344
	1,267	16,926
Current liabilities		
Accruals and other payables	59,888	42,426
Amounts due to subsidiaries *(Note a)*	516	421
Amount due to a director *(Note a)*	—	1,265
Promissory notes payables	62,140	30,072
Borrowings	28,901	26,401
Convertible notes	13,000	12,307
	164,445	112,892
Net current liabilities	(163,178)	(95,966)
Total assets less current liabilities	(136,286)	(67,912)

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

	2021 HK$'000	2020 HK$'000
Non-current liabilities		
Promissory notes payables	10,871	41,479
Borrowings	15,000	10,000
	25,871	51,479
Net liabilities	(162,157)	(119,391)
Capital and reserves		
Share capital	1,520	1,520
Reserves	(163,677)	(120,911)
Total deficit	(162,157)	(119,391)

Note a: The amounts due from (to) subsidiaries and amount due to a director are unsecured, interest-free and repayable on demand.

Approved and authorised for issue by the Board of Directors on 28 June 2021.

Yeung Shing Wai
Executive Director

Chen Tian Gang
Executive Director

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

	Share premium HK'000	Share-based payment reserve HK$'000	Convertible notes equity reserve HK$'000	Foreign currency translation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2019	703,768	50,794	2,215	(74)	(844,506)	(87,803)
Total comprehensive expenses for the year	—	—	—	—	(40,079)	(40,079)
Recognition of share options	—	6,971	—	—	—	6,971
Share options lapsed	—	(5,212)	—	—	5,212	—
At 31 March 2020	**703,768**	**52,553**	**2,215**	**(74)**	**(879,373)**	**(120,911)**
Total comprehensive expenses for the year	**—**	**—**	**—**	**—**	**(42,766)**	**(42,766)**
Share options lapsed	**—**	**(4,747)**	**—**	**—**	**4,747**	**—**
At 31 March 2021	**703,768**	**47,806**	**2,215**	**(74)**	**(917,392)**	**(163,677)**

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

NATURE AND PURPOSE OF RESERVES

(i) Share premium

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

(ii) Share-based payment reserve

Share-based payment reserve represents the fair value of the actual or estimated number of unexercised share options granted to employees and consultants of the Company recognised in accordance with the accounting policy adopted for equity-settled share-based payments in note 4 to the consolidated financial statements.

(iii) Convertible notes equity reserve

The convertible notes equity reserve represents the value of the unexercised equity component of convertible notes issued by the Company recognised in accordance with the accounting policy adopted for convertible notes in note 4 to the consolidated financial statements.

(iv) Foreign currency translation reserve

Foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 4 to the consolidated financial statements.

41. PARTICULARS OF SUBSIDIARIES

(A) GENERAL INFORMATION OF SUBSIDIARIES

Particulars of the subsidiaries as at 31 March 2021 are as follows:

Name	Place of incorporation/ operation	Issued and fully paid share capital/ registration capital	Percentage of ownership interest/ voting power/ profit sharing		Principal activities
			Direct	Indirect	
Brave Champ Holdings Limited	BVI/Hong Kong	1 ordinary share of US$1 each	100%	—	Investment holding
China Oil Gangran Energy Group (Hong Kong) Limited	Hong Kong/ Hong Kong	HK$1	—	100%	Investment holding
吉林中油港燃能源開發有限公司 Jilin China Oil Gangran Energy Development Company Limited *# ("Jilin China Oil")	The PRC/PRC	HK$100,000,000	—	100%	Development of liquefied natural gas, compressed natural gas and related clean energy business
江西中油港燃能源科技有限責任公司 Jiangxi China Oil Gangran Energy Technology Company Limited *# ("Jiangxi China Oil")	The PRC/PRC	RMB100,000,000	—	51%	Development and trading of refined oil and chemicals
江西港燃貿易有限公司 Jiangxi Gangran Trading Company Limited *# ("Gangran Trading")	The PRC/PRC	HK$200,000,000	—	100%	Development and trading of refined oil and chemicals
舟山中油港燃石油化工有限公司 Zhoushan China Oil Gangran Petroleum and Chemical Company Limited *# ("Zhoushan China Oil")	The PRC/PRC	RMB30,000,000	—	51%	Development and trading of refined oil and chemicals

41. PARTICULARS OF SUBSIDIARIES *(Continued)*

(A) GENERAL INFORMATION OF SUBSIDIARIES *(Continued)*

Name	Place of incorporation/ operation	Issued and fully paid share capital/ registration capital	Percentage of ownership interest/ voting power/ profit sharing		Principal activities
			Direct	Indirect	
Dynamic Miracle Limited	BVI/Hong Kong	1 ordinary share of US$1 each	100%	—	Investment holding
3 Dynamics (Asia) Limited	Hong Kong/ Hong Kong	HK$10,000	—	100%	Engaged in activities relating to the provision of programming services, web services, mobile marketing solutions and development of mobile phone games
Yuan Da Capital Limited	BVI/Hong Kong	1 ordinary share of US$1 each	100%	—	Investment holding
China Oil Gangran Energy Group Limited	Hong Kong/ Hong Kong	HK$10,000	—	100%	Investment holding
Empire Smart International Group Limited	BVI/Hong Kong	1 ordinary share of US$1 each	100%	—	Investment holding
China Oil Gangran Energy Group (Hong Kong) Investment Company Limited	Hong Kong/ Hong Kong	HK$1	—	100%	Investment holding

41. PARTICULARS OF SUBSIDIARIES *(Continued)*

(A) GENERAL INFORMATION OF SUBSIDIARIES *(Continued)*

Name	Place of incorporation/ operation	Issued and fully paid share capital/ registration capital	Percentage of ownership interest/ voting power/ profit sharing Direct	Indirect	Principal activities
中創國際陸港(瀋陽)有限公司 ZhongChuang International Port (Shenyang) Company Limited * ("ZhongChuang")	The PRC/PRC	HK$150,000,000	–	91%	Inactive
Able One Investments Limited	BVI/Hong Kong	100 ordinary shares of US$1 each	51%	–	Investment holding
Sun Fair Electric Wire & Cable (HK) Company Limited	Hong Kong/ Hong Kong	HK$3,000,000	–	51%	Trading of power and data cords and inlet sockets and medical control devices
Joint Market Limited	BVI/Hong Kong	1 ordinary share of US$1 each	–	51%	Investment holding
Logic Dynamic Limited	Hong Kong/ Hong Kong	HK$10,000	–	51%	Inactive
三輝電線電纜(深圳)有限公司 Sun Fair Electric Wire & Cable (Shenzhen) Company Limited * ("Sun Fair SZ")	The PRC/PRC	HK$10,000,000	–	51%	Manufacturing and trading of power and data cords and inlet sockets

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

* for identification purpose only

\# These subsidiaries had been deconsolidated from the Group since 1 January 2019.

41. PARTICULARS OF SUBSIDIARIES *(Continued)*

(B) DETAILS OF NON-WHOLLY OWNED SUBSIDIARIES THAT HAS MATERIAL NON-CONTROLLING INTERESTS

The table below shows the details of Able One Investments Limited and its subsidiaries ("Able One Group") that has material non-controlling interests:

Name of subsidiary	Proportion of ownership interest and voting rights held by non-controlling interests		Total comprehensive income (loss) for the period/year allocated to non-controlling interests		Accumulated non-controlling interests	
	2021	2020	2021 HK$'000	2020 HK$'000	2021 HK$'000	2020 HK$'000
Able One Group	49%	49%	6,014	5,281	9,396	3,382
Individually immaterial subsidiaries with non-controlling interests			(23)	(20)	(127)	(104)
			5,991	5,261	9,269	3,278

41. PARTICULARS OF SUBSIDIARIES *(Continued)*

(B) DETAILS OF NON-WHOLLY OWNED SUBSIDIARIES THAT HAS MATERIAL NON-CONTROLLING INTERESTS *(Continued)*

The following table lists out the consolidated financial information relating to Able One Group which has material non-controlling interests as at 31 March 2021.

	2021 HK$'000	2020 HK$'000
Non-current assets	18,702	20,943
Current assets	82,122	58,280
Non-current liabilities	(6,491)	(1,208)
Current liabilities	(75,156)	(71,111)
Total equity	19,177	6,904
Equity attributable to owners of Able One Group	9,781	3,522
Non-controlling interest of Able One Group	9,396	3,382
Revenue	110,671	6,407
Profit for the year	9,578	13,304
Profit and total comprehensive income for the year	12,273	10,778
Total comprehensive income attributable to owner of Able One Group	6,259	5,497
Total comprehensive income attributable to the non-controlling interests of Able One Group	6,014	5,281
Dividends declared to non-controlling interests	—	—
Net cash inflow from operating activities	7,401	2,002
Net cash outflow from investing activities	(329)	(7,236)
Net cash (outflow) inflow from financing activities	(6,535)	3,444
Net cash inflow (outflow)	537	(1,790)

42. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Interest payables from financing activities	Borrowings	Promissory notes payables	Liability component of convertible notes	Lease liabilities	Total
	HK'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2019	5,326	45,835	69,211	11,211	3,578	135,161
Changes from financing cash flows:						
Raised	—	12,200	—	—	—	12,200
Repayment	—	(2,829)	—	—	—	(2,829)
New lease entered	—	—	—	—	457	457
Repayments of lease liabilities	—	—	—	—	(2,663)	(2,663)
Interest expenses	—	9,409	6,924	1,291	154	17,778
Interest accrued	10,924	(6,145)	(4,584)	(195)	—	—
Termination	—	—	—	—	(40)	(40)
Repayment of interest	—	(3,264)	—	—	—	(3,264)
Exchange differences	—	(497)	—	—	(140)	(637)
At 31 March 2020 and 1 April 2020	16,250	54,709	71,551	12,307	1,346	156,163
Changes from financing cash flows:						
Raised	**—**	**13,646**	**—**	**—**	**—**	**13,646**
Repayment	**—**	**(11,167)**	**—**	**—**	**—**	**(11,167)**
Repayments of lease liabilities	**—**	**—**	**—**	**—**	**(1,185)**	**(1,185)**
Interest expenses	**—**	**9,070**	**6,265**	**808**	**48**	**16,191**
Interest accrued	**12,885**	**(7,965)**	**(4,805)**	**(115)**	**—**	**—**
Repayment of interest	**—**	**(1,105)**	**—**	**—**	**—**	**(1,105)**
Exchange differences	**—**	**412**	**—**	**—**	**27**	**439**
At 31 March 2021	**29,135**	**57,600**	**73,011**	**13,000**	**236**	**172,982**

43. MAJOR NON-CASH TRANSACTION

On 14 September 2020, date of transfer of patent, the prepayment for acquisition of intangible asset of HK$12,770,000 was transferred and recognised as intangible asset.

44. EVENTS AFTER THE REPORTING PERIOD

Saved as disclosed elsewhere in these consolidated financial statements, the Group's material events after the reporting period are as follows:

(I) SUBSCRIPTION OF SHARES AND CONVERTIBLE BONDS

The Company entered into a subscription agreement on 23 December 2020 and a supplemental agreement on 15 March 2021 with the subscribers pursuant to which the Company has conditionally agreed to allot and issued, and the subscribers have conditionally agreed to subscribe for, in an aggregate, 1,900,099,990 subscription shares (as amended by the supplemental agreement) ("Share Subscription").

The Company entered into a convertible bonds subscription agreement on 23 December 2020 and a supplemental agreement on 15 March 2021 with the subscribers pursuant to which the Company has conditionally agreed to issue, and the subscribers have conditionally agreed to subscribe for, the convertible bonds in the aggregate principal amount of HK$3,105,556.91 (as amended by the supplement agreement) ("CB Subscription").

The Share Subscription and CB Subscription have been completed and took place on 25 June 2021. Details refer to the Company's announcement on 25 June 2021.

45. COMPARATIVE FIGURES

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

46. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 28 June 2021.

FINANCIAL SUMMARY

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

RESULTS

	For the year ended 31 March				
	2021 HK$'000	2020 HK$'000	2019 HK$'000	2018 HK$'000	2017 HK$'000
Revenue	110,671	64,017	102,338	395,281	331,804
Loss before tax	(32,645)	(28,771)	(237,365)	(93,580)	(173,925)
Income tax (expense) credit	(664)	2,106	(790)	3,015	3,596
Loss for the year	(33,309)	(26,665)	(238,155)	(90,565)	(170,329)
Attributable to:					
Owners of the Company	(37,987)	(31,926)	(235,286)	(88,168)	(166,789)
Non-controlling interests	4,678	5,261	(2,869)	(2,397)	(3,540)
	(33,309)	(26,665)	(238,155)	(90,565)	(170,329)

ASSETS, EQUITY AND LIABILITIES

	As at 31 March				
	2021 HK$'000	2020 HK$'000	2019 HK$'000	2018 HK$'000	2017 HK$'000
ASSETS					
Non-current assets	18,907	22,311	16,782	21,524	61,057
Current assets	106,290	97,530	96,562	326,386	232,135
Total assets	125,197	119,841	113,344	347,910	293,192
EQUITY AND LIABILITIES					
Total (deficit) equity	(124,659)	(94,091)	(73,902)	101,657	70,695
Non-current liabilities	32,362	52,686	89,882	85,518	70,817
Current liabilities	217,494	161,246	97,364	160,735	151,680
Total liabilities	249,856	213,932	187,246	246,253	222,497
Total equity and liabilities	125,197	119,841	113,344	347,910	293,192
Attributable to:					
Owners of the Company	(133,928)	(97,369)	(73,812)	112,693	81,367
Non-controlling interests	9,269	3,278	(90)	(11,036)	(10,672)
	(124,659)	(94,091)	(73,902)	101,657	70,695