



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

(formerly known as Fairson Holdings Limited)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 30 JUNE 2014

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The turnover of the Company and its subsidiaries (together the “Group”) for the three months ended 30 June 2014 (the “Financial Period”) was HK\$23.5 million, representing a decrease of approximately 45.1% from HK\$42.8 million for the comparable period of last year. Such decrease in the turnover was mainly attributable to the decrease in turnover from power and data cords for mobile phones. Because of (i) the increase in the operating costs arising from the Group’s proactive expansion of business such as the increase in consultancy and professional expenses by 10.5 times as compared with the three months ended 30 June 2013 to approximately HK\$8.7 million and the amortisation for intangible assets of approximately HK\$5.9 million during the Financial Period; and (ii) the significant drop in the revenue of the sales of power and data cords and inlet sockets by 45.1% to approximately HK\$23.5 million for the three months ended 30 June 2014 as compared with the same period in the previous year mainly due to fierce competition in the power and data cords for mobile phones and medical control devices sector, the Group’s loss attributable to the Company’s owners rose by 94.4 times year-on-year to HK\$24.1 million.

The board of Directors (the “Board”) does not recommend to pay dividends for the Financial Period.

Business Review

During the Financial Period, the Group continued to operate its business of power and data cords in a steadfast manner and its major product categories included: (i) power cords and inlet sockets for household electric appliances, and (ii) power and data cords for mobile phones and medical control devices. Despite the backdrop of a challenging development of the sector, the Group’s relevant operations witnessed steady advancement. In order to diversify its operating risks and expand its sources of revenue, the Group continuously and proactively sought to capture a full spectrum of development strategies and investment opportunities.

On 27 January 2014, the Group has set up and registered a joint venture company (the “JV Company”) under the name “Jiangxi China Oil Gangran Energy Technology Company Limited”. The Group has paid RMB35 million (equivalent to approximately HK\$45.40 million) to the JV Company in accordance with the terms of the JV Agreement as part of the Group’s contribution to the registered capital of the JV Company. The proposed business scopes of the JV Company includes development of liquefied natural gas (“LNG”), compressed natural gas (“CNG”) and related clean energy business. During the Financial Period, the natural gas business was in the preparation stage before the commencement of business.

In 2013, the Group acquired 3 Dynamics (Asia) Limited (“3 Dynamics”), a developer of mobile phone games and digital applications. During the Financial Period, the development of digital applications business was in the preparation stage before the commencement of business.

Regarding the Group's operational structure, Hong Kong and mainland China remained to be the major markets for its business, with the aggregate turnover from these two regions accounting for approximately 49% (2013: approximately 66%) of the Group's total turnover. The turnover from other overseas markets, including the United States, accounted for approximately 51% (2013: approximately 34 %) of the total turnover.

Power Cords and Inlet Sockets for Household Electric Appliances

Turnover from power cords and inlet sockets for household electric appliances was approximately HK\$7.4 million (2013: approximately HK\$10.4 million) in the Financial Period, representing a year-on-year decrease of approximately 28.8%.

The Group's power cords and inlet sockets used in household electric appliances received safety approvals and/or certificates in many countries, many of which also received eleven types of international safety standards. The Group believes that the high standard of these products can fulfill the expectations and requirements of customers and benefit the Group's business expansion in the long run.

Power and Data Cords for Mobile Phones and Medical Control Devices

With fierce competition in the sector during the Financial Period, the Group focused on those customer groups generating high profit margins and rigorously controlled its production costs, and the Group's turnover from power and data cords for mobile phones recorded a year-on-year decrease of 60.2% to HK\$9.8 million (2013: approximately HK\$24.6 million).

The power and data cords for mobile phones are generally used for power charging and data transfer and are essential accessories for all mobile handsets. The enormous demand for telecommunication devices, especially in the PRC, facilitated the Group to produce power and data cords of different specifications, including high speed USB connectors and data cord products, which can support higher data transmission speeds and better audiovisual output quality. All our devices conform with the standards of mobile handset designs set by USB Implementers Forum, Inc..

For the Financial Period under review, the Group's turnover from power and data cords for medical control devices was approximately HK\$6.3 million (2013: approximately HK\$7.9 million), representing a year-on-year decrease of approximately 20.3%.

The power and data cords for medical control devices are multi-functional products which are mainly exported to a customer in the United States. The devices are then used for further assembly and are processed into final products (which include keyboard, pillow speakers, bed controls, bed cables and call cords to be sold to hospitals and clinics).

Change of Company Name and Website

In order to better reflect the Group's corporate image of devoting itself to business expansion to the field of natural gas and clean energy, as well as the advantages attained by the Group through its collaboration with leading and professional natural gas operator in mainland China, the Group's English name has been officially changed from "Fairson Holdings Limited" to "China Oil Gangran Energy Group Holdings Limited" effective from 23 April 2014, and "中油港燃能源集團控股有限公司" has already been adopted as the Group's Chinese name for replacing the former "鈺皓控股有限公司".

The English stock short name of the shares traded on the Stock Exchange has been changed from "FAIRSON HLDGS" to "CHINAOILGANGRAN" and the corresponding Chinese stock short name has been changed from "鈺皓控股" to "中油港燃", in each case effective from 9 a.m. on 5 May 2014. The stock code of the Group on the Stock Exchange remained unchanged.

Effective from 23 April 2014, the Group's websites changed from "http://www.sunfairw.com.hk" and "http://www.irasia.com/listco/hk/fairson" to www.chinaoilgangran.com and http://chinaoilgangran.todayir.com, in order to reflect the change of the Group's name.

The Board believes that the change of the Group's name and its websites will be conducive to a better communication between the Group and the investment community, society, government and its other collaborative partners, as well as to defining the Group's direction of strategic development.

Outlook

During the Financial Period under review, the Group consistently conducted its business in a steadfast manner, and actively sought opportunities to expand its business scope. The power and data cords business, of which the operating performance remained steady during the Financial Period, will continue to contribute to the Group's revenue in future.

During the first quarter of 2014, the revenue of Internet gaming sector in Chinese market has reached RMB25.13 billion, representing a year-on-year growth of 23.5%. Mobile gaming segment continues to fast grow and has become the second largest segment among the sector. The revenue growth of mobile gaming on intelligent device was the major driving force. As smartphones are gaining further popularity in the country, it can be foreseen that the development of mobile phone games will continue to grow, and the Board is optimistic about the Chinese market of mobile phone games which shows tremendous potential. 3 Dynamics, the Group's wholly-owned subsidiary, has sophisticated experience in developing games, owns a vast array of cartoon character resources and is supported by its strong distributor partners. Hence the Board believes that the Group's profitability can be further enhanced through 3 Dynamics.

On the other hand, because of natural gas's advantage as superior, effective and clean energy, the National Energy Administration estimates that China's natural gas consumption will have reached 230 billion cubic meter in 2015 (compared with the apparent consumption of 167.6 billion cubic meter in 2013). According to an international research institute's forecast, natural gas consumption on China's transportation sector will enjoy an averagely annual growth of 38% during 2013 and 2017, which will reach 60 billion cubic meter in 2017. The Group believes that natural gas, as an important clean energy, is in line with the country's future strategic needs as regards energy as well as with the interests of the society and public in general.

Over the past few years, China has implemented various measures for promoting natural gas consumption and the application of natural gas on transportation sector. The Ministry of Transport has issued the Guiding Opinions on Accelerating the LNG Utilization in Waterborne Industry (《關於加快推進水運行業應用液化天然氣 (LNG) 的指導意見》) in 2013, setting the goals to lift up the percentage of LNG utilization on inland river vessel's energy consumption to be above 2% and 10% respectively by 2015 and by 2020.

The Group has been proactively developing its business of vessel LNG utilization conversion. Not only is this in line with China's strategic needs in such areas as conserving energy, reducing emissions and promoting the application of natural gas, but the relevant patented conversion technology can also bring positive economic benefits to the vessel owners and users. The Group will continue to expand its scope of business in the field of clean energy, strengthening its position in the energy sector and enhancing its business income.

Fundraising Activities

During the year of 2013, the Group's Board formulated strategic plans for business expansion, including but not limited to those for entering the highly promising natural gas market in mainland China and acquiring a developer of mobile phone games and digital applications. In order to meet its needs of business development, the Group successfully completed a fundraising activity during the Financial Period.

On 28 May 2014, the Group successfully completed the issuance of convertible bonds in the aggregate principal amount of HK\$22.1 million and the estimated net proceeds from the issuance, after deduction of expenses, are approximately HK\$21.8 million.

Saved as disclosed above, the Group also effected 4 private subscription of promissory notes during the Financial Period. The aggregate proceeds raised from such subscription of promissory notes amounted to HK\$24.2 million and the maturity date is 1 year. All the subscribers are, to the best knowledge and belief of the Directors, independent third parties.

FIRST QUARTERLY UNAUDITED RESULTS

The Board is pleased to announce the unaudited consolidated results of the Group for the Financial Period together with the comparative unaudited figures for the Previous Corresponding Period as follows:

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 30 June 2014

		For the three months ended 30 June	
		2014	2013
	Note	HK\$	HK\$
Turnover	3	23,512,838	42,838,111
Cost of sales		<u>(19,366,288)</u>	<u>(34,363,464)</u>
Gross profit		4,146,550	8,474,647
Other income	4	208,358	50,332
Selling expenses		(1,441,565)	(1,615,653)
Administrative expenses		<u>(23,691,548)</u>	<u>(6,871,677)</u>
Loss from operations		(20,778,205)	37,649
Finance costs	5	<u>(4,710,936)</u>	<u>(83,330)</u>
Loss before tax		(25,489,141)	(45,681)
Income tax credit/(expenses)	6	<u>1,368,208</u>	<u>(206,501)</u>
Loss for the period		(24,120,933)	(252,182)
Other comprehensive income, net of tax:			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		<u>7,795</u>	<u>127,881</u>
Total comprehensive loss for the period		<u><u>(24,113,138)</u></u>	<u><u>(124,301)</u></u>
Loss for the period attributable to:			
Owners of the Company		(24,068,296)	(252,182)
Non-controlling interests		<u>(52,637)</u>	<u>—</u>
		<u><u>(24,120,933)</u></u>	<u><u>(252,182)</u></u>

		For the three months ended	
		30 June	
		2014	2013
		HK\$	HK\$
		<i>Note</i>	
Total comprehensive loss for the period attributable to:			
Owners of the Company		(24,060,501)	(124,301)
Non-controlling interests		<u>(52,637)</u>	<u>–</u>
		<u>(24,113,138)</u>	<u>(124,301)</u>
		<i>HK\$ cents</i>	<i>HK\$ cents</i> (restated)
Loss per share	7		
Basic		<u>(0.33)</u>	<u>(0.005)</u>
Diluted		<u>N/A</u>	<u>N/A</u>

NOTES TO THE FIRST QUARTERLY UNAUDITED RESULTS

1. GENERAL INFORMATION

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

The Company is an investment holding company. The principal activities of its subsidiaries (together with the Company referred to as the "Group") is the development of digital applications, including but not limited to handheld electronic game consoles, mobile game applications, digital marketing solutions, development of liquefied natural gas, compressed natural gas and related clean energy business, and the manufacturing and trading of power and data cords for household electronic appliances, mobile phones and medical control services.

2. BASIS OF PREPARATION

The first quarterly unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong which include Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations (collectively, "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosures required by the GEM Listing Rules. The principal accounting policies used in the first quarterly unaudited condensed consolidated financial statements are consistent with those adopted in the preparation of the Group's consolidated financial statements for the year ended 31 March 2014.

The HKICPA has issued a number of new and revised HKFRSs. For those which are relevant to the Group's operations and effective for its accounting period beginning on 1 April 2014, the adoption has no significant changes on the Group's accounting policies, the presentation, the reported results and the financial position of the Group for the current or prior accounting periods.

The Group has not applied the new and revised HKFRSs which have been issued but are not yet effective. The Group is currently in the process of making an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether they would have a material impact on the Group's results and financial position.

3. TURNOVER

	For the three months ended 30 June	
	2014	2013
	HK\$	HK\$
Sales of power and data cords and inlet sockets	<u>23,512,838</u>	<u>42,838,111</u>

4. OTHER INCOME

	For the three months ended 30 June	
	2014	2013
	HK\$	HK\$
Interest income	27,872	–
Net foreign exchange gain	159,396	–
Sundry income	21,090	50,332
	<u>208,358</u>	<u>50,332</u>

5. FINANCE COSTS

	For the three months ended 30 June	
	2014	2013
	HK\$	HK\$
Interest on bank borrowings	1,380	16,767
Interest on trust receipt loans	68,071	66,563
Effective interest expenses on convertible bonds wholly repayable within five years	446,601	–
Effective interest expenses on promissory notes		
– Wholly repayable within five years	1,922,376	–
– Not wholly repayable within five years	2,272,508	–
	<u>4,710,936</u>	<u>83,330</u>

6. INCOME TAX (CREDIT)/EXPENSES

	For the three months ended 30 June	
	2014	2013
	HK\$	HK\$
Current tax – Hong Kong Profits Tax		
Provision for the period	21,952	45,858
Current tax – PRC Enterprise Income Tax		
Provision for the period	<u>80,365</u>	<u>160,643</u>
	102,317	206,501
Deferred tax	<u>(1,470,525)</u>	<u>–</u>
	<u>(1,368,208)</u>	<u>206,501</u>

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits for the period.

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

Pursuant to the Enterprise Income Tax rules and regulations of the PRC, the PRC subsidiaries of the Group are subject to Enterprise Income Tax at a rate of 25%, except for Sun Fair Electric Wire & Cable (Shenzhen) Company Limited is entitled to a preferential tax rate of 15% for the three years since 2012 for being a high technology enterprise.

7. LOSS PER SHARE

Basic loss per share

Basic loss per share is calculated by dividing the loss attributable to owners of the Company of HK\$24,068,296 (2013: HK\$252,182) by the weighted average number of ordinary shares of 7,264,500,000 (2013: 5,500,000,000, as adjusted to reflect share subdivision on 24 March 2014) in issue for the Financial Period.

Diluted loss per share

No diluted loss per share is presented as the share options and convertible bonds have anti-dilutive effects on basic loss per share for the Financial Period (2013: Nil).

8. DIVIDEND

No dividend had been paid or declared by the Company for the Financial Period (2013: Nil).

9. RESERVES

	(Unaudited)									
	Attributable to owners of the Company									
	Share capital HK\$	Share premium HK\$	Statutory reserve HK\$	Foreign currency translation reserve HK\$	Share- based capital reserve HK\$	Convertible bonds equity reserves HK\$	Retained earnings/ (accumulated losses) HK\$	Total HK\$	Non- controlling interests HK\$	Total equity HK\$
At 1 April 2013	550,000	29,530,415	2,894,655	82,538	–	–	20,897,395	53,955,003	–	53,955,003
Total comprehensive income for the period	–	–	–	127,881	–	–	(252,182)	(124,301)	–	(124,301)
Transfer	–	–	91,031	–	–	–	(91,031)	–	–	–
Changes in equity for the period	–	–	91,031	127,881	–	–	(343,213)	(124,301)	–	(124,301)
At 30 June 2013	<u>550,000</u>	<u>29,530,415</u>	<u>2,985,686</u>	<u>210,419</u>	<u>–</u>	<u>–</u>	<u>20,554,182</u>	<u>53,830,702</u>	<u>–</u>	<u>53,830,702</u>
At 1 April 2014	726,450	147,589,826	3,225,270	293,989	46,448,000	85,831,422	(61,600,122)	222,514,835	(72,206)	222,442,629
Total comprehensive income for the period	–	–	–	7,795	–	–	(24,068,296)	(24,060,501)	(52,637)	(24,113,138)
Recognition of equity component of convertible bonds	–	–	–	–	–	28,234,583	–	28,234,583	–	28,234,583
Changes in equity for the period	–	–	–	7,795	–	28,234,583	(24,068,296)	4,174,082	(52,637)	4,121,445
At 30 June 2014	<u>726,450</u>	<u>147,589,826</u>	<u>3,225,270</u>	<u>301,784</u>	<u>46,448,000</u>	<u>114,066,005</u>	<u>(85,668,418)</u>	<u>226,688,917</u>	<u>(124,843)</u>	<u>226,564,074</u>

10. CAPITAL COMMITMENTS

As at 30 June 2014, the Group and the Company's capital commitments are as follows:

- (a) As at 30 June 2014, the Group's capital commitments for the acquisition of property, plant and equipment which were contracted for but not provided in the unaudited condensed consolidated financial statements, were amounted to HK\$132,315 (31 March 2014: HK\$137,967 (audited)).
- (b) On 11 December 2013, the Company established a wholly owned subsidiary, Jilin China Oil Gangran Energy Development Company Limited ("Jilin China Oil") in the PRC with registered capital of HK\$100,000,000. At 30 June 2014, the Company has contributed HK\$20,000,000 (31 March 2014: Nil) capital to Jilin China Oil. In accordance with the memorandum of association of Jilin China Oil, the remaining balance of HK\$80,000,000 shall be contributed to Jilin China Oil within two years from the date of its establishment.
- (c) On 2 December 2013, the Company and other two parties established a sino-foreign equity joint venture, 江西中油港燃能源科技有限責任公司 ("江西中油") in the PRC with registered capital of RMB100,000,000 (equivalent to HK\$125,600,000), of which RMB51,000,000 (equivalent to HK\$64,056,000) is required to be contributed by the Company. At 30 June 2014 and 31 March 2014, the Company has contributed RMB35,000,000 (equivalent to HK\$45,400,000) to 江西中油. In accordance with the memorandum of association of 江西中油, the remaining balance of RMB16,000,000 (equivalent to HK\$18,656,000) shall be contributed to 江西中油 within two years from the date of its establishment.

11. CONTINGENT LIABILITIES

The Group had no significant contingent liabilities at 30 June 2014 and 31 March 2014.

12. EVENTS AFTER THE REPORTING DATE

- (a) On 4 July 2014, the Company and CLC Securities Limited entered into a placing agreement (the “Placing Agreement”) in respect of issuance of convertible bonds up to an aggregate principal amount of HK\$62,000,000 to not less than six independent placees. The convertible bonds were unsecured, bearing 12.5% interest rate per annum with a maturity of 18 months from the date of issue and is convertible into ordinary shares of the Company at an initial conversion price of HK\$0.237 per share.

On 21 July 2014, the Company announced that all conditions precedent under the Placing Agreement have been fulfilled and the Company issued convertible bonds in the aggregate principal amount of HK\$20,600,000 to not less than six independent placees. The net proceeds from the subscription of HK\$20,400,000 will be used as general working capital and/or financing future investment opportunities of the Group.

Details of the transactions are set out in the Company’s announcements dated 4 July 2014 and 21 July 2014 respectively.

- (b) On 14 July 2014, the board of directors approved to grant share options to three eligible participants to subscribe for a total of 165,000,000 new ordinary shares of HK\$0.0001 each in the share capital of the Company. Details of the transactions are set out in the Company’s announcement dated 14 July 2014.
- (c) On 29 July 2014, the Company and KGI Asia Limited entered into a warrants placing agreement in respect of issue of unlisted warrants up to 175,000,000 warrants to not less than six independent placees at the issue price of HK\$0.04 per warrant. The transaction was lapsed on 12 August 2014. Details of the lapse of warrants are set out in the Company’s announcement dated 12 August 2014.
- (d) On 7 August 2014, the Company and Sino Grandway International Investment Limited (the “Target Company”) entered into a non-legally binding Memorandum of Understanding (“MOU”) pursuant to which the Company proposed to invest in the Target Company (the “Proposed Acquisition”). Pursuant to the MOU, the Company shall pay the Target Company the deposit in the amount of HK\$8,000,000 (the “Deposit”) as earnest money. The Deposit is secured by a first-fixed charge over the entire issued share capital of the Target Company in favour of the Company, non-interest bearing and refundable in the event that the Proposed Acquisition is terminated.

The Target Company is an investment holding company and will enter into a sale and purchase agreement with one of the Target Company Shareholders to purchase the entire equity interest of Luo Yang Chen Xi Mining Company Limited, a PRC established company principally engaged in the mining and sales of quartz stone and the production of float glass.

Details of the transaction are set out in the Company’s announcement dated 7 August 2014.

13. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform to the current period’s presentation.

DIRECTORS' INTERESTS IN SHARES

As at 30 June 2014, the interests or short positions of the Directors, chief executives of the Company or their associates in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which are or 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 are as follows:

(i) Long position in the Shares

Name of Director	Capacity/Nature of interest	Number of Shares held	Percentage of shareholding in the Company
Mr. Yeung Tin Hung (<i>note 1</i>)	Interest in a controlled corporation (<i>note 2</i>)	1,736,060,000	23.9%

Note 1: Mr. Yeung has resigned as an executive Director of the Company with effect from 25 July 2014.

Note 2: Fairson Holdings (BVI) Limited is beneficially owned as to 100% by Mr. Yeung Tin Hung. Mr. Yeung is deemed to be interested in the Shares held by Fairson Holding (BVI) Limited under the SFO.

(ii) Interest in associated corporation of the Company

Name of Director	Name of associated corporation	Capacity/Nature of interest	Number of securities held	Percentage of shareholding in the Company
Mr. Yeung Tin Hung	Fairson Holdings (BVI) Limited	Interest in a controlled corporation	2 shares	100%

(iii) Share options

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 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.

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

Name of Directors	Capacity/Nature of interest	Date of grant	Exercise price	Exercise period of share options	Maximum number of Shares subject to the outstanding options
Mr. Yeung Shing Wai	Beneficial owner/personal	17 September 2013	HK\$0.218	17 September 2013 – 16 September 2023	55,000,000
Mr. Ho Chun Kit Gregory	Beneficial owner/personal	17 September 2013	HK\$0.218	17 September 2013 – 16 September 2023	55,000,000

Saved as disclosed above, as at 30 June 2014, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under the provision of the SFO), or which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors.

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

So far as the Directors are aware, as at 30 June 2014, the following entities or persons (not being a Director or chief executive of the Company) had an interest and short position of 5% or more in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provision of Division 2 and 3 of Part XV of the SFO, or which are required to be disclosed pursuant to section 336 of the SFO:

Long positions in the Shares

Name of Shareholder	Capacity/Nature of interest	Number of Shares held	Percentage of shareholding in the Company
Fairson Holdings (BVI) Limited	Beneficial owner	1,736,060,000	23.9%

Save as disclosed above, as at 30 June 2014, no other interest or short position in the shares or underlying shares of the Company were recorded in the register required to be kept by the Company under Section 336 of the SFO.

AUDIT COMMITTEE

The Company established an audit committee on 27 April 2011 with written terms of reference in compliance with rules 5.28 to 5.29 of the GEM Listing Rules. The audit committee currently comprises three independent non-executive Directors. The audit committee has reviewed the first quarterly unaudited consolidated results of the Group for the Financial Period.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors (the "Model Code") on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Upon the specific enquiry made to all the Directors, the Company was not aware of any non-compliance with the Model Code regarding securities transactions by Directors during the three months ended 30 June 2014.

INTERESTS OF THE COMPLIANCE ADVISER

As notified by the compliance adviser of the Company, Ample Capital Limited, as at 30 June 2014, except for (i) the compliance adviser agreement entered into between the Company and Ample Capital Limited dated 8 July 2014 and (ii) the annual director's emolument of HK\$120,000 payable by the Company to one of its independent non-executive Director who is also a staff of Ample Capital Limited during the Financial Period, neither Ample Capital Limited or its directors, employees or close associates as defined under GEM Listing Rules had any interest in relation to the Group. The independent non-executive Director was re-designated to a non-executive Director on 4 July 2014.

CORPORATE GOVERNANCE PRACTICES

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

During the Financial Period, the Company had complied with the code provisions in the CG Code with the exception of the CG Code provision A.6.7. The Board has continued to monitor and review the corporate governance principles and practices to ensure compliance.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

INTEREST IN A COMPETING BUSINESS

During the three months ended 30 June 2014, none of the Directors, the controlling shareholders of the Company and their respective close associates (as defined under GEM Listing Rules) had any interest in any business which competes or is likely to compete, directly or indirectly, with the business of the Group or any other conflict of interest with the Group.

By order of the Board
Ho Chun Kit Gregory
Executive Director

Hong Kong, 14 August 2014

As at the date of this announcement, the executive Directors are Mr. Yeung Shing Wai and Mr. Ho Chun Kit Gregory; the non-executive Directors are Mr. Tse Yee Hin, Tony and Mr. Chan Lung Ming and the independent non-executive Directors are Ms. Eugenia Yang, Mr. Ng Ka Chung and Mr. Lau Sung Tat, Vincent.

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