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

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31 DECEMBER 2018

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

GEM has been positioned as a market designed to accommodate small and mid-sized 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.

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The unaudited revenue of the Company and its subsidiaries (collectively the "**Group**") for the nine months ended 31 December 2018 (the "**Financial Period**") was approximately HK$90.4 million, representing a decrease of approximately 67.2% from approximately HK$275.7 million for the comparable period of last year. Such decrease in the unaudited revenue was mainly attributable to (i) the decrease in the sales of refined oil and MTBE trading; and (ii) the decrease in sales of power cords and inlet sockets for household electric appliances; power and data cords for mobile phones and medical control devices.

The Group's unaudited loss attributable to the Company's owners decreased to approximately HK$39.3 million from approximately HK$49.8 million for the comparable period of last year. The main reasons for the decrease in loss attributable to the Company's owners were (i) the increase in the Group's gross profit by approximately HK$1.8 million for the Financial Period, due to substantial decrease in administrative expenses.

The board (the "**Board**") of the Directors does not recommend to pay dividend for the Financial Period.

Business Review

During the Financial Period, the Group operates a diverse business portfolio comprising: (i) the manufacture and sale of power cords and inlet sockets for household electric appliances as well as power and data cords for mobile phones and medical control devices; (ii) the trading of mobile smart phones and glasses; (iii) the liquefied natural gas ("**LNG**"), compressed natural gas ("**CNG**") and other related clean energy businesses; (iv) refined oil retail business; and (v) trading of MTBE (collectively the "**Business Sectors**"). Despite the challenging development in the Business Sectors, the Group continues to diversify its operating risks and expand its sources of revenue and proactively seeks to capture a full spectrum of development strategies and investment opportunities.

Prior to the Financial Period, the Group contributed capital in conjunction with two strategic collaborative partners to establish a subsidiary, Jiangxi China Oil Gangran Energy Technology Company Limited (江西中油港燃能源科技有限責任公司) (the "**Jiangxi China Oil**"), in the People's Republic of China (the "**PRC**") for conducting the business of the LNG, the CNG and related clean energy, for which the Group acts as its controlling shareholder and holding a 51%-stake.

In terms of the geographical market performance, United States and the PRC contributed to approximately 21% (2017: approximately 7%) and approximately 59% (2017: approximately 91%) of the Group's total unaudited revenue respectively, while the remaining approximate 30% (2017: approximately 2%) came from its other markets, including Taiwan and Hong Kong.

Power Cords and Inlet Sockets for Household Electric Appliances

The unaudited revenue of the Group from power cords and inlet sockets for household electric appliances was approximately HK$2.1 million (2017: approximately HK$5.9 million) in the Financial Period, representing a year-on-year decrease of approximately 64.4%.

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 compiled with eleven types of international safety standards. The Group believes that the high standard of those products can satisfy market expectation and customer need and the business can contribute a stable source of income for the Group. The Group also believes that the high standard of these products can fulfill the expectation and requirements of customers.

Power and Data Cords for Mobile Phones and Medical Control Devices

The Group's unaudited revenue from power and data cords for mobile phones recorded a decrease of approximately 39.5% to approximately HK$9.2 million (2017: approximately HK$15.2 million) for the Financial Period.

The power and data cords for mobile phones are generally used for power charging and data transfer and are essential accessories for all mobile phones. The 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.

During the Financial Period, the Group's unaudited revenue from power and data cords for medical control devices was approximately HK$10.7 million (2017: approximately HK$18.6 million), representing a year-on-year decrease of approximately 42.5%, which was due to the decrease in demand from a customer in the United States during the Financial Period.

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

Trading of Mobile Smart Phones and Glasses

Due to fierce competition in the power and data cords sector, the Group also traded in mobile smart phones and glasses. The Group's unaudited revenue from the trading of mobile smart phones and glasses was approximately HK$2.3 million (2017: HK$1 million) for the Financial Period.

Development of Digital Applications

In 2013, the Group acquired 3 Dynamics (Asia) Limited ("**3 Dynamics**"), a developer of mobile phone games and digital applications.

Pursuant to the sale and purchase agreement in respect of the acquisition of 3 Dynamics (the "**Sale and Purchase Agreement**"), Mr. Chung Wai Sum (the "**Vendor**") irrevocably and unconditionally warrants and guarantees to Dynamic Miracle Limited, a directly wholly-owned subsidiary of the Company (the "**Dynamic Miracle**") that the audited net profits after tax of 3 Dynamics as shown in its audited financial statement 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 auditors of 3 Dynamics, 3 Dynamics recorded a net loss after tax in its audited financial statement for the Relevant Period. Under the terms and conditions as stipulated in the Sale and Purchase Agreement, the Escrow Shares would be sold in order to pay for the Profit Guarantee. During the year ended 31 March 2016, a portion of the Escrow Shares were sold to pay for the Profit Guarantee and 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 2018, the balance of HK$22,000,000 ("**Contingent Consideration Receivables**") was still outstanding for the Profit Guarantee and only 73,870,000 (after taking into account the adjustments due to the Company's share subdivision in 2014 and share consolidations in 2016 and 2018) Escrow Shares remained as a security for the Profit Guarantee.

During the period ended 30 December 2018, the Company is still negotiating with the Vendor continuously to recover the Contingent Consideration Receivables. However, given that the Contingent Consideration Receivables has been long outstanding despite of the Escrow Shares held, the Board considered that the chance to collect the Contingent Consideration Receivables would be low and has made full provision for the amount receivable during the year ended 31 March 2017.

LNG, CNG and Other Related Clean Energy Business

During the Financial Period, the demand for LNG, a type of clean energy resource, decreased due to the volatile fluctuation of crude oil prices, which affected the Group's earnings from this business segment. Operating through Jiangxi China Oil, the Group continued to develop the businesses of LNG, CNG and related clean energy. Through the patented technology it held, Jiangxi China Oil also helped the conversion of diesel-powered vessels to run on LNG, which is more environmental friendly and also prolonged the engine's lifespan. Jiangxi China Oil also embarked on joint research projects with some of China's top tertiary institutions and research units to uncover possibilities of conversion technology upgrades. Jilin China Oil Gangran Energy ("**Jilin China Oil**"), another subsidiary of the Group, has entered into negotiations with the Jilin Oilfield Management Bureau to jointly develop the related oilfields.

In light of the PRC Government's positive policy and market developments for clean energy utilisation, the Group remains confident that this business segment will eventually drive its profitability and revenue growth going forward by taking advantage of the policies set out in the PRC Government's 13th Five-Year Plan for the period from 2016 to 2020.

Refined Oil Retail Business

In order to expand the Group's principal business, the Group has diversified its business development by engaging in the refined oil retail business commencing in the mid of 2015.

Jiangxi China Oil entered into an agreement with Jiangxi Jiujiang Sales Branch Company of PetroChina Company Limited (中國石油天然氣股份有限公司江西九江銷售分公司) in relation to the leasing of six bunker barges (加油船), each with a loading capacity of 1,800 tonnes and a total loading capacity of 10,800 tonnes. The Group operates such leased bunker barges in the Yangtze River, Gan River and Poyang Lake basins, the PRC to develop its refined oil sales business in the PRC.

The Group has successfully obtained a Refined Oil Retail License (成品油零售經營批准證書) from the Business Bureau of Jiangxi Province of the PRC which enables the Group to engage in the retail business of refined oil. The Board is of the view that the development of refined oil business can help to strengthen the Group's position in the energy industry and enhance the future earnings of the Group. As such, the aforesaid lease and future refined oil sales business is in the interests of the Company and its shareholders (the "**Shareholders**") as a whole.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries by the Directors, Jiangxi Jiujiang Sales Branch Company of PetroChina Company Limited (中國石油天然氣股份有限公司江西九江銷售分公司) and its ultimate beneficial owners are third parties independent of and not connected with the Company and connected persons (as defined in the GEM Listing Rules).

During the Financial Period, the sales of refined oil contributed approximately HK$15 million revenue to the Group (2017: approximately HK$58.5 million), augmenting its total revenues.

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

During the Financial Period, the Group continued its trading of MTBE, a gasoline additive and used almost exclusively as a component in fuel for gasoline engines. Besides increasing the octane number, MTBE also reduces the fuel vapour pressure (Reid vapour pressure), so that the vapour emissions during automobile fuelling and operation are reduced. In addition, MTBE reduces exhaust emissions, particularly carbon monoxide, unburnt hydrocarbons, polycyclic aromatics and particulate carbon. In the PRC, where the oxygenated content and environmental concerns are of paramount importance, MTBE is used in significant quantities. During the Financial Period, the trading of MTBE generated an unaudited revenue of approximately HK$14.3 million to the Group (2017: approximately HK$176.1 million), representing a decrease of approximately 91.9%.

Fundraising Activity

On 22 June 2018 and 28 June 2018, the Company entered into a conditional placing agreement (the "**Placing Agreement**") and a supplemental agreement respectively with Taijin Securities and Futures Limited (the "**Placing Agent**"), pursuant to which the Placing Agent agrees, as agent of the Company, to procure on a fully underwritten basis (formerly on a best effort basis according to the Placing Agreement) not less than six placees who and whose ultimate beneficial owners shall be independent third parties to subscribe for up to 1,000,000,000 placing shares (the "**Placing Shares**") at the placing price of HK$0.041 per Placing Share (the "**Placing**"). The 1,000,000,000 Placing Shares represented (i) approximately 16.28% of the existing issued share capital of the Company as at 22 June 2018; and (ii) approximately 14.00% of the issued share capital of the Company as enlarged by the allotment and issue of all the Placing Shares. The gross proceeds from the Placing was HK$41 million. The net proceeds, after deduction of all relevant expenses was estimated to be approximately HK$39.65 million.

The Company intended to apply the net proceeds from the Placing as to approximately HK$28.9 million for the repayment of promissory notes due in the financial year ending 31 March 2019, HK$2.25 million for the repayment of interests on bonds and the remaining balance of approximately HK$8.5 million as general working capital of the Group. The actual net proceeds from the Placing was approximately HK$39.75 million. As at 30 December 2018, the actual net proceeds (adjusted to actual net proceeds) from the Placing was utilised as to approximately HK$28.2 million for the repayment of promissory notes due in the financial year ending 31 March 2019, as to approximately HK$2.25 million for the repayment of interests on bonds and the remaining balance of approximately HK$8.5 million as general working capital of the Group.

Set out in the table below is the breakdown of the intended and actual use of net proceeds from the Placing allocated for general working capital of the Group:

Particulars	Intend use of net proceeds Approximate amount *(HK$'000)*	Actual use of net proceeds Approximate amount *(HK$'000)*
Rental expenses and general administrative expenses	2,127	4,270
Directors' remuneration and staff costs	5,210	1,030
Business marketing expenses	–	1,250
Legal and professional fees	1,163	1,950
Total	8,500	8,500

Change in use of proceeds

As set out in the announcement of the Company dated 3 July 2018, the Company had originally intended to apply part of the net proceeds from the Placing of approximately HK$5,210,000 for directors' remuneration and staff costs. In order to better deploy the resources of the Group, the Board has resolved to reallocate part of the net proceeds for directors' remuneration and staff costs of approximately HK$2,143,000 towards rental expenses and general administrative expenses, approximately HK$1,250,000 towards business marketing expenses and approximately HK$787,000 for legal and professional fees (the "**Change in Use of Proceeds**").

Reasons for the change in use of proceeds

The Board considers that the Change in Use of Proceeds will enable the Group to better deploy its resources. The Group had utilised more proceeds for general administrative expenses during the relevant period for its existing businesses. In order to ensure the smooth operation of its business, the Board decided to settle the Group's outstanding payables first. Further, the Board considered that the net proceeds reallocated for business marketing expenses and legal and professional fees was mainly related to market research and preliminary due diligence work conducted on the PRC and overseas markets for potential business opportunities, which will enable the Group to further develop its existing businesses and increase its revenue. Taking into account the above, the Directors (including the independent non-executive Directors) consider that the Change in Use of Proceeds is fair and reasonable and in the interests of the Company and the Shareholders as a whole. For further details of the Placing, please refer to the announcements of the Company dated 22 June 2018, 28 June 2018, 3 July 2018, 10 July 2018 and 28 December 2018.

Issue of convertible notes under the general mandate

On 4 October 2018, the Company entered into the subscription agreements with each of 李超志 (Li Chaozhi*), 李瑞敏 (Li Ruimin*), Chan Lok Yu and Asiapac Strategic Investment Limited (collectively as the "**Subscribers**") pursuant to which the Company has conditionally agreed to issue, and the Subscribers have conditionally agreed to subscribe for, the 1.5% coupon convertible notes in the aggregate principal amount of HK$15,000,000 (the "**Notes**") (as to HK$10,000,000 for Li Chaozhi, HK$2,500,000 for Li Ruimin, HK$2,000,000 for Chan Lok Yu and HK$500,000 for Asiapac Strategic Investment Limited). Under the terms and conditions of the Notes, the Notes will bear coupon interest at the rate of 1.5% per annum. The Notes are convertible into new Shares at a conversion price of HK$0.2 per Share (subject to adjustments). The maturity of the Notes will be the date falling on the second anniversary of the date of issue of the Notes. The conversion shares of 75,000,000 Shares represent (i) approximately 1.05% of the existing issued share capital of the Company on 4 October 2018; and (ii) approximately 1.04% of the issued share capital of the company as enlarged by the issue of the conversion shares.

Pursuant to the Subscription Agreements, the Company had issued the Notes in the aggregate principal amount of HK$15,000,000 to the Subscribers on 2 November 2018. The maturity date of the Notes will be on 2 November 2020. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Subscribers and, where applicable, its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons (as defined under the GEM Listing Rules).

The gross proceeds from the issue of the Notes will be HK$15,000,000 and the net proceeds, after deduction of all relevant expenses incidental to the subscription, are estimated to be approximately HK$14,800,000. The Company intends to apply the net proceeds from the issue of the Notes as to approximately HK$5 million for the repayment on interest of promissory notes due in the financial year ending 31 March 2019, HK$2.25 million for the repayment of interests on bonds and the remaining balance of approximately HK$7.55 million as general working capital of the Group.

As at 23 November 2018, all the conditions set out in the Subscription Agreements had been fulfilled and the Subscription was completed on 2 November 2018 in accordance with the terms and conditions of the Subscription Agreements. The Company has issued the Notes in the aggregate principal amount of HK$15,000,000 to the Subscribers.

As at 31 December 2018, the actual net proceeds (adjusted to actual net proceeds from the issue of the Notes was utilized as to approximately HK$5 million for the repayment on interest of promissory notes due in the financial year ending 31 March 2019, HK$2.25 million for the repayment of interests on bonds and approximately HK$1.74 million for general working capital of the Group and the remaining balance of approximately HK$5,758,000 will be utilised as intended.

Set out in the table below is the breakdown of the intended and actual use of net proceeds from the Issue of Notes allocated for general working capital of the Group:

Particulars	**Intend use of net proceeds Approximate amount** *(HK$'000)*	**Actual use of net proceeds Approximate amount** *(HK$'000)*
Rental expenses and general administrative expenses	4,000	775
Directors' remuneration and staff costs	2,000	467
Legal and professional fees	1,500	500
Total	7,500	1,742

For further details of the issue of the Notes, please refer to the announcements of the company dated 4 October 2018, 19 October 2018, 23 November 2018 and 28 December 2018.

Share Consolidation and Change of Board Lot Size

On 29 October 2018, the Board proposed that every twenty (20) Shares in the share capital of the Company be consolidated into one (1) consolidated share (the "**Share Consolidation**"). On 12 November 2018, the Board further proposed to change the board lot size for trading on the Stock Exchange from 20,000 Shares to 10,000 consolidated shares.

The Share Consolidation was approved by the Shareholders by the way of an ordinary resolution at the extraordinary general meeting of the Company held on 28 November 2018. As a result, the Share Consolidation and change of board lot size became effective on 29 November 2018. For details, please refer to the announcements of the Company dated 29 October 2018, 12 November 2018 and 28 November 2018 and the circular of the Company dated 12 November 2018.

Appointment of executive Directors and independent non-executive Director

On 22 November 2018, the Company announced that each of Mr. Yuan Beisheng ("**Mr. Yuan**") and Ms. Hui Sai Ha ("**Ms. Hui**") has been appointed as an executive Director with effect from 22 November 2018.

On 22 November 2018, the Company announced that Mr. Qin Shihui ("**Mr. Qin**") has been appointed as an independent non- executive Director with effect from 22 November 2018.

Change in composition of board committees

On 22 November 2018, the Company announced that Mr. Qin has been appointed as a member of the audit committee of the Company (the "**Audit Committee**") and chairman of the nomination committee of the Company (the "**Nomination Committee**") with effect from 22 November 2018.

Outlook

During the Financial Period, the global economic environment is still deeply fluctuating. The medium- to-long-term economic growth of the PRC has slowed down. Falling commodity price, the declining global industrial output and depressed trading added to the uncertainties. Due to the challenging macro- economic conditions, the Group recorded a 67.2% decrease in overall unaudited revenue, which was mainly contributed by (i) the decrease in the sales of refined oil and MTBE trading; and (ii) the decrease in sales of power cords and inlet sockets for household electric appliances; power and data cords for mobile phones and medical control devices.

While this low-growth environment appears likely to persist in 2019, the Group is steadfastly committed to expanding its market presence and profitability, through an operational strategy calculated to broaden its revenue bases and capture new business opportunities presented by the market developments and in alignment with the PRC's 13th Five-Year Plan and the "One Belt One Road" plan.

The unaudited revenue from power cords and inlet sockets for household electric appliances, power and data cords for mobile phones and medical devices decreased during the Financial Period and the Group believes that the market competition continues to be fierce in the future.

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

Through Jiangxi China Oil, the Group has also embarked on research and development projects jointly with the country's key tertiary institutions and research organisations, such as Harbin Industrial University, with a view of optimising and upgrading its technology for LNG vessels conversion. Recent years have seen China pursuing a clean energy policy, including one for the waterborne transportation sector, as evident in a plan by the Ministry of Transport of the PRC to cut polluting emission from vessels in the Pearl River Delta, Yangtze River Delta and Bohai Sea by 65% by 2020. The country also plans to boost its regulations preventing ship and port pollution, reducing emission and promoting the use of clean energy. Nationwide guidelines and measures promulgated by the state to promote natural gas consumption across all transportation sectors included Guiding Opinions on Accelerating the LNG Utilisation in the Waterborne Industry; Administrative Measures of Standardised Subsidy on Inland Canal Vessel and Plan to Cope with Climate Changes (2014-2020).

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

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

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

Over the years ahead, the clean energy business will remain as a significant part of the Group, owing to its promising outlook combined with the positive policy milieu and market from the PRC. Still, continual improvement and innovation in product portfolio is critical in securing optimal returns and value for the Shareholders and its other stakeholders.

THIRD QUARTERLY UNAUDITED RESULTS

The Board is pleased to announce the unaudited condensed consolidated results of the Group for the Financial Period together with the comparative figures for the nine months ended 31 December 2017 ("**the Previous Corresponding Period**") as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three and nine months ended 31 December 2018

		(Unaudited) Three months ended 31 December		(Unaudited) Nine months ended 31 December	
		2018	2017	**2018**	2017
	Note	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue	3	**42,408**	62,835	**90,411**	275,686
Cost of sales		**(37,085)**	(62,253)	**(75,006)**	(262,109)
Gross profit		**5,323**	582	**15,405**	13,577
Other gains and losses	4	**4,688**	502	**10,659**	30,240
Selling expenses		**(1,632)**	(1,634)	**(5,498)**	(4,929)
Administrative expenses		**(17,433)**	(16,450)	**(53,050)**	(79,695)
Loss from operations		**(9,054)**	(17,000)	**(32,484)**	(40,807)
Gain on disposal of subsidiaries		**–**	–	**–**	628
Finance costs	5	**(2,597)**	(3,676)	**(9,092)**	(10,763)
Loss before tax		**(11,651)**	(20,676)	**(41,576)**	(50,942)
Income tax credit	6	**(310)**	562	**(605)**	2,154
Loss for the period		**(11,961)**	(20,114)	**(42,181)**	(48,788)
Other comprehensive income, net of tax:					
Items that may be reclassified to profit or loss:					
Fair value change of available-for-sale investments		**–**	49	**–**	(390)
Exchange differences on translating foreign operations		**1,640**	3,632	**(9,458)**	7,595
Total comprehensive income for the period		**(10,321)**	(16,433)	**(51,639)**	(41,583)
Loss for the period attributable to:					
Owners of the Company		**(11,024)**	(21,032)	**(39,312)**	(49,833)
Non-controlling interests		**(937)**	918	**(2,869)**	1,045
		(11,961)	(20,114)	**(42,181)**	(48,788)

	Note	(Unaudited) Three months ended 31 December 2018 HK$'000	2017 HK$'000	(Unaudited) Nine months ended 31 December 2018 HK$'000	2017 HK$'000
Total comprehensive income for the period attributable to:					
Owners of the Company		**(9,737)**	(17,790)	**(51,813)**	(43,937)
Non-controlling interests		**(584)**	1,357	**174**	2,354
		(10,321)	(16,433)	**(51,639)**	(41,583)
Loss per share *(HK$ cents)*					
Basic	7	**(0.21)**	(0.34)	**(0.64)**	(0.83)
Diluted		**(0.21)**	(0.34)	**(0.64)**	(0.83)

NOTES TO THE THIRD 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 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 (i) the manufacture and sale of power cords and inlet sockets for household electric appliances as well as power and data cords for mobile phones and medical control devices; (ii) the trading of mobile smart phones; (iii) the development of digital applications, including handheld electronic game consoles, mobile game applications, digital marketing solutions; (iv) the liquefied natural gas ("**LNG**"), compressed natural gas ("**CNG**") and other related clean energy businesses; (v) refined oil retail business; and (vi) trading of Methyl tert-butyl ether ("**MTBE**").

2. BASIS OF PREPARATION

The third 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 third 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 2018.

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 2018, the adoption has had no material impact 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. REVENUE

	(Unaudited) Three months ended 31 December		**(Unaudited) Nine months ended 31 December**	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Power and data cords and inlets sockets	**20,669**	13,240	**53,406**	41,018
Sales of refined oil	**21,739**	49,595	**37,005**	234,668
	42,408	62,835	**90,411**	275,686

4. OTHER GAINS AND LOSSES

	(Unaudited) Three months ended 31 December		**(Unaudited) Nine months ended 31 December**	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Interest income	**23**	161	**195**	224
Net foreign exchange (loss)/gain	**185**	(799)	**394**	(1,133)
Sundry income	**4,480**	1,140	**10,070**	1,603
Gain on disposal of property, plant and equipment	**–**	–	**–**	7
Reversal of impairment of trade receivables	**–**	–	**–**	6,639
Reversal of provision for deposit for acquisition of a subsidiary	**–**	–	**–**	22,900
	4,688	502	**10,659**	30,240

5. FINANCE COSTS

	(Unaudited) Three months ended 31 December		**(Unaudited) Nine months ended 31 December**	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Interest on bank borrowings and early settlement of trade receivables	**492**	–	**1,535**	–
Interest on trust receipt loans	**–**	–	**–**	–
Interest on interest-bearing bond	**355**	1,248	**2,949**	3,477
Interest expenses on promissory notes				
– wholly repayable within five years	**1,750**	2,422	**4,608**	7,254
– not wholly repayable within five years	**–**	–	**–**	–
Interest on obligation under finance leases	**–**	6	**–**	32
	2,597	3,676	**9,092**	10,763

6. INCOME TAX (CREDIT)/EXPENSE

	(Unaudited) Three months ended 31 December		(Unaudited) Nine months ended 31 December	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Current tax – Hong Kong Profits Tax				
Provision for the period	**–**	–	**–**	–
Current tax – PRC Enterprise Income Tax				
Provision for the period	**310**	345	**605**	568
Deferred tax	**–**	(907)	**–**	(2,722)
	310	(562)	**605**	(2,154)

Hong Kong Profits Tax has been provided at a rate of 16.5% (2017: 16.5%) on the estimated assessable profit for the both periods.

Tax charged on profits assessable elsewhere has 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 being a high technology enterprise.

7. LOSS PER SHARE

(a) Basic loss per share

For the three months ended 31 December 2018, basic loss per share is calculated by dividing the unaudited loss attributable to owners of the Company of HK$11,024,000 (2017: HK$21,032,000) by the weighted average number of ordinary shares of 5,375,356,782 (2017: 6,136,814,728 as adjusted to reflect share consolidation effective on 30 September 2017) in issue for the Financial Period.

For the nine months ended 31 December 2018, basic loss per share is calculated by dividing the unaudited loss attributable to owners of the Company of HK$39,312,000 (2017: HK$49,833,000) by the weighted average number of ordinary shares of 6,184,653,199 (2017: 5,976,802,308 as adjusted to reflect share consolidation effective on 30 September 2017) in issue for the Financial Period.

(b) Diluted loss per share

Diluted loss per share is the same as basic loss per share as the outstanding share options have anti-dilutive effects on basic loss per share (2017: Nil).

8. DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 31 December 2018 (2017: Nil).

9. RESERVES

	(Unaudited) Attributable to owners of the Company									
	Share capital	Share premium	Statutory reserve	Available-for-sale investment revaluation	Foreign currency translation reserve	Share based capital reserve	Accumulated loss	Total	Non-controlling interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2017	1,057	557,337	3,744	(598)	(8,445)	41,430	(513,158)	81,367	(10,672)	70,695
Total comprehensive income for the period	–	–	–	(390)	6,286	–	(49,833)	(43,937)	2,354	(41,583)
Share subscription	140	70,560	–	–	–	–	–	70,700	–	70,700
Equity settled share-based transactions	–	–	–	–	–	16,044	–	16,044	–	16,044
Exercise of Share options	31	29,446	–	–	–	(9,520)	–	19,957	–	19,957
Lapse of Share options	–	–	–	–	–	(2,200)	2,200	–	–	–
Transfer	–	–	74	–	–	–	(74)	–	–	–
Change in equity of the period	171	100,006	74	(390)	6,286	4,324	(47,707)	62,764	2,354	65,118
At 31 December 2017	1,228	657,343	3,818	(988)	(2,159)	45,754	(560,865)	144,131	(8,318)	135,813
At 1 April 2018	**1,228**	**657,343**	**3,909**	**–**	**3,749**	**45,754**	**(599,290)**	**112,693**	**(11,036)**	**101,657**
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**(12,501)**	**–**	**(39,312)**	**(51,813)**	**174**	**(51,639)**
Placement of share	**200**	**40,800**	**–**	**–**	**–**	**–**	**–**	**41,000**	**–**	**41,000**
Equity settled share-based transactions	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Share granted	**–**	**–**	**–**	**–**	**–**	**3,766**	**–**	**3,766**	**–**	**3,766**
Lapse of Share options	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Transfer	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Change in equity of the period	**1,200**	**40,800**	**–**	**–**	**(12,501)**	**3,766**	**(39,712)**	**(7,047)**	**174**	**(6,873)**
At 31 December 2018	**1,428**	**698,143**	**3,909**	**–**	**(8,752)**	**49,520**	**(638,602)**	**105,646**	**(10,862)**	**94,784**

10. CAPITAL COMMITMENTS

The Group had no other capital commitments as at 31 December 2018 and 31 March 2018.

11. CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 31 December 2018 and 31 March 2018.

SHARE OPTION SCHEME

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

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

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

a. any executive or non-executive Director including any independent non-executive Director or any employee (whether full-time or part-time) of any member of the Group;

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

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

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

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

Particulars of the share options to subscribe for Shares granted by the Company pursuant to the Share Option Scheme for the Financial Period (after taking into account the adjustments to the outstanding share options of the Company with effect from 29 November 2018 as a result of the Share Consolidation) are set out below:

Grantee	Date of grant	Adjusted exercise price	Exercise period of share options	Adjusted number of share options outstanding as at 1 April 2018	Adjusted number of share options granted during the period	Adjusted number of share options exercised during the period	Adjusted number of share options cancelled/ lapsed during the period	Adjusted number of share options outstanding as at 31 December 2018	Adjusted market value per share on the date of grant of options	Approximate % of the Company's total issued share capital as at 31 December 2018
Executive Directors:										
Ho Chun Kit Gregory	17 March 2015	HK$3.68	17 March 2015 – 16 March 2025	1,079,350	–	–	–	1,079,350	HK$3.32	0.30%
Rong Changjun	21 April 2017	HK$2.52	21 April 2017 – 20 April 2020	2,640,000	–	–	–	2,640,000	HK$2.4	0.74%
Other Categories:										
Consultants in aggregate	10 October 2013	HK$7.84	10 October 2013 – 9 October 2023	1,375,000	–	–	–	1,375,000	HK$7.84	0.39%
	13 January 2014	HK$6.28	13 January 2014 – 12 January 2024	2,750,000	–	–	–	2,750,000	HK$6.28	0.77%
	14 July 2014	HK$5.12	14 July 2014 – 13 July 2024	3,850,000	–	–	–	3,850,000	HK$5.12	1.08%
	21 August 2014	HK$4.52	21 August 2014 – 20 August 2024	1,375,000	–	–	–	1,375,000	HK$4.48	0.39%
	16 February 2015	HK$3.28	16 February 2015 – 15 February 2025	2,179,350	–	–	–	2,179,350	HK$3.28	0.61%
	17 March 2015	HK$3.68	17 March 2015 – 16 March 2025	3,121,200	–	–	–	3,121,200	HK$3.32	0.87%
	11 April 2018	HK$1.04	11 July 2018 – 10 July 2021	–	2,112,500	–	–	2,112,500	HK$0.92	0.59%
Employee	11 April 2018	HK$1.04	11 July 2018 – 10 July 2021	–	8,450,000	–	–	8,450,000	HK$0.92	2.37%
Former director	21 April 2017	HK$2.52	21 April 2017 – 20 April 2020	2,640,000	–	–	–	2,640,000	HK$2.4	0.74%
Total				21,009,900	10,562,500	–	–	31,572,400		

For details of the adjustments to the outstanding share options of the Company as a result of the Share Consolidation, please refer to the announcement of the Company dated 28 November 2018.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 December 2018, 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	Number of Shares Personal interests	Derivatives Share Options Personal interests	Total	Percentage of aggregate interests to the total number of Share in issue
Mr. Zou Donghai	35,000,000	–	35,000,000	9.80%
Mr. Rong Changjun	–	2,640,000	2,640,000	0.74%
Dr. Ho Chun Kit Gregory	3,127,500	1,079,350	4,206,850	1.18%
Dr. Zheng Jian Peng	2,640,000	–	2,640,000	0.74%

Note:

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

Save as disclosed above, as at 31 December 2018, 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 THE SHARES AND UNDERLYING SHARES

So far as the Directors were aware, as at 31 December 2018, no entities or persons (not being a Director or chief executive of the Company) had an interest and short position of 5% or more in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provision of Division 2 and 3 of Part XV of the SFO, or which were required to be disclosed pursuant to section 336 of the SFO.

AUDIT COMMITTEE

The company established the Audit Committee on 27 April 2011 with written terms of reference ("**Terms**") in compliance with rules 5.28 to 5.29 of the GEM Listing Rules. To comply with the amendment to Appendix 15 to the GEM Listing Rules on the risk management and internal control section of the Corporate Governance Code and Corporate Government Report, which came into effect for the accounting periods beginning on or after 1 January 2016, the terms of the Audit Committee was amended on 5 January 2016. Further details of the Terms are set out in the Company's announcement dated 5 January 2016.

The Audit Committee currently comprises three independent non-executive Director, namely Mr. Lau Sung Tat, Vincent (Chairman), Mr. Tam Kim Fung and Mr. Qin. The Audit Committee has reviewed the third quarterly unaudited consolidated results of the Group for the Financial Period.

DIRECTORS' SECURITIES TRANSACTIONS

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 Period.

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.

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 nine months ended 31 December 2018.

By order of the Board
China Oil Gangran Energy Group Holdings Limited
Zou Donghai
Chairman and Executive Director

Hong Kong, 14 February 2019

* *For identification purposes only*

As at the date of this announcement, the executive Directors are Mr. Zou Donghai, Mr. Rong Changjun, Mr. Zhang Wenrong, Dr. Ho Chun Kit Gregory, Dr. Zheng Jian Peng, Mr. Yuan Beisheng and Ms. Hui Sai Ha; and the independent non-executive Directors are Mr. Lau Sung Tat, Vincent, Mr. Tam Kim Fung and Mr. Qin Shihui.

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