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中油港燃能源集團控股有限公司

CHINA OIL GANGRAN ENERGY GROUP HOLDINGS LIMITED

(Provisional Liquidators Appointed)

(For Restructuring Purposes)

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8132

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31 DECEMBER 2019

The board (the “**Board**”) of directors (the “**Directors**”) of China Oil Gangran Energy Group Holdings Limited (the “**Company**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries for the nine months ended 31 December 2019. This announcement, containing the full text of the third quarterly report for the nine months ended 31 December 2019 of the Company (“**Third Quarterly 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 quarterly results. The printed version of the Third Quarterly 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.

CONTINUED SUSPENSION OF TRADING

Trading in Shares has been suspended since 2 July 2019 pending the fulfilment of the conditions set out in the Resumption Guidance, the Additional Resumption Guidance and the Further Resumption Guidance. The Company is working closely with its professional advisers towards the resumption of trading in the Company’s shares as soon as possible.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
China Oil Gangran Energy Group Holdings Limited
(Provisional Liquidators Appointed)
(For Restructuring Purposes)
Yeung Shing Wai
Executive Director

Hong Kong, 17 September 2020

As at the date of this announcement, the executive Directors are Mr. Rong Changjun, Mr. Zhang Wenrong, Mr. Yuan Beisheng, Ms. Hui Sai Ha (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 and Mr. Chan Wai Cheung Admiral.

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.

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This 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 this 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 this report 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 2019 (the “Financial Period”) was approximately HK\$34.3 million, representing a decrease of approximately 62% from approximately HK\$90.4 million for the comparable period of last year. Such decrease in the unaudited revenue was mainly attributable to the deconsolidation of the financial position and performance of the business of the Deconsolidated Subsidiaries (as defined below) and the fierce competition in the power and data cords sector.

The Group’s unaudited loss attributable to the Company’s owners decreased to approximately HK\$23.0 million from approximately HK\$39.3 million for the corresponding period last year. The decrease was mainly due to (i) gain arising on deregistration of a subsidiary of approximately HK\$5.7 million for the Financial Period (2018: Nil); and (ii) the decrease in provision of allowance for credit losses.

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

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责任公司 (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”), 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”) (“Jilin China Oil”) (collectively, “Deconsolidated Subsidiaries”), which were the subsidiaries of the Company which engaged the refined oil retail business and trading of methyl tert-butyl ether (“MTBE”). Hence, the Group no longer consolidated the financial position and performance of the Deconsolidated Subsidiaries since 1 January 2019.

BUSINESS REVIEW

During the Financial Period, 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 41.5% (2018: approximately 21%) and approximately 46.4% (2018: approximately 59%) of the Group’s total unaudited revenue respectively, while the remaining approximate 12.1% (2018: approximately 20%) came from its other markets, including Taiwan and Hong Kong.

BUSINESS REVIEW *(Continued)*

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 Period, 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 Period, the Group's unaudited revenue from power and data cords for mobile phones recorded a decrease of approximately 32.2% to approximately HK\$15.4 million (2018: approximately HK\$22.7 million) for the Financial Period. The decrease in unaudited revenue from such business during the Financial Period was due to the fierce competition in the market.

(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.

BUSINESS REVIEW *(Continued)*

POWER AND DATA CORDS BUSINESS *(Continued)*

(ii) Medical control devices (Continued)

During the Financial Period, the Group's unaudited revenue from medical control devices was approximately HK\$14.2 million (2018: approximately HK\$17.4 million), representing a year-on-year decrease of approximately 18.4%, which was due to the decrease in demand from a customer in other countries during the Financial Period.

(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 voltage. 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 voltage plugs with cylindrical prongs while the US standard plugs manufactured by the Group are 125 voltage 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 Period, the unaudited revenue of the Group from power cords and inlet sockets for household electric appliances was approximately HK\$4.6 million (2018: approximately HK\$6.5 million) in the Financial Period, representing a year-on-year decrease of approximately 29.2% due to fierce market competition.

TRADING OF COMMODITIES

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

The Group's unaudited revenue from the trading of commodities was approximately HK\$0.1 million (2018: approximately HK\$6.8 million) for the Financial Period.

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 Period (2018: approximately HK\$37 million).

BUSINESS REVIEW *(Continued)*

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 warranted and guaranteed 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 December 2019 and 2018, the balance of HK\$22,000,000 (“Contingent Consideration Receivables”) was still outstanding for the Profit Guarantee and only 73,870,000 (before the share consolidation becoming effective on 29 November 2018) Escrow Shares remained as a security for the Profit Guarantee. 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 made full provision for the amount receivable during the year ended 31 March 2017.

During the period ended 31 December 2019, the Company was in continuous negotiations with the Vendor to recover the Contingent Consideration Receivables.

BUSINESS REVIEW *(Continued)*

MATERIAL DISPOSAL OF SUBSIDIARIES

On 5 July 2019, Able One Investments Limited (the "Issuer"), a wholly-owned subsidiary of the Company, and Mr. Qin Junwang (the "Subscriber 3") entered into a subscription agreement (the "Subscription Agreement 3") in relation to which the Issuer agreed to allot and issue, and the Subscriber 3 agreed to subscribe for, the 49 new shares of the Issuer at an aggregate Subscription Consideration of HK\$2,000,000 (the "Subscription"). Upon the completion, the issuer hold by the Company and the Subscriber 3 as to 51% and 49%, respectively, remained as a subsidiary of the Company and its financial results continued to be consolidated with the financial statements of the Group. The Subscription was completed on 12 July 2019. For details, please refer to the announcements of the Company dated 5 July 2019.

FUNDRAISING ACTIVITY

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

On 12 April 2019, the Company as issuer and Ms. Qu Ziyu (曲梓語)(the "Subscriber 1") entered into a subscription agreement (the "Subscription Agreement 1") in relation to the subscription of 17,570,000 new shares of the Company (the "Subscription Share(s) 1") at the price of HK\$0.33. The 17,570,000 Subscription Shares 1 represented (i) approximately 4.62% of the existing issued share capital of the Company as at the date of the announcement dated 12 April 2019; and (ii) approximately 4.42% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares 1 immediately after the Completion, assuming that there will be no change in the issued share capital of the Company (other than the issue of the Subscription Shares 1) between the date of the announcement dated 12 April 2019 and the date of the completion of the Subscription Agreement 1. As the condition precedent under the Subscription Agreement 1 had not been fulfilled on or before 30 April 2019, the Subscription Agreement 1 lapsed on 30 April 2019. For details, please refer to the announcements of the Company dated 12 April 2019 and 30 April 2019.

On 23 April 2019, the Company as issuer and Mr. Lin Hann Ruey (林翰瑞) (the "Subscriber 2") entered into a subscription agreement (the "Subscription Agreement 2") in relation to the subscription of 15,584,000 new shares of the Company (the "Subscription Share(s) 2") at the price of HK\$0.385. The 15,584,000 Subscription Shares 2 represented (i) approximately 4.10% of the existing issued share capital of the Company as at the date of the announcement dated 23 April 2019; and (ii) approximately 3.94% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares 2 immediately after the completion of Subscription Agreement 2, assuming that there will be no change in the issued share capital of the Company (other than the issue of the Subscription Shares 2) between the date of the announcement dated 23 April 2019 and the completion of the Subscription Agreement 2. As the condition precedent under the Subscription Agreement 2 was not expected to be fulfilled on or before 15 May 2019, the Subscriber 2 and the Company mutually agreed to terminate the Subscription Agreement 2 on 10 May 2019. For details, please refer to the announcements of the Company dated 23 April 2019 and 10 May 2019.

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 35.8% decrease in unaudited revenue of sales of power and data cords and inlet sockets and trading of commodities as compared to the corresponding period last year. 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 financial position and performance of the Deconsolidated Subsidiaries since 1 January 2019, 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.

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 2018 (“the 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 2019

	Note	(Unaudited) Three months ended 31 December		(Unaudited) Nine months ended 31 December	
		2019	2018	2019	2018
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	3	10,722	42,408	34,269	90,411
Cost of sales		(6,340)	(37,085)	(23,067)	(75,006)
Gross profit		4,382	5,323	11,202	15,405
Other income and gain or (loss), net	4	336	4,688	9,393	10,659
Selling expenses		(525)	(1,632)	(1,734)	(5,498)
Administrative expenses		(7,716)	(17,433)	(27,060)	(53,050)
Loss from operations		(3,523)	(9,054)	(8,199)	(32,484)
Finance costs	5	(4,584)	(2,597)	(13,066)	(9,092)
Loss before tax		(8,107)	(11,651)	(21,265)	(41,576)
Income tax credit (expenses)	6	3,262	(310)	2,818	(605)
Loss for the period		(4,845)	(11,961)	(18,447)	(42,181)
Other comprehensive income (expense), net of tax:					
<i>Items that may be reclassified to profit or loss:</i>					
Exchange reserve released on deregistration of subsidiary		(2,422)	—	(1,211)	—
Exchange differences on translating foreign operations		8,502	1,640	2,045	(9,458)
Total comprehensive income (expense) for the period		1,235	(10,321)	(17,613)	(51,639)

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

For the three and nine months ended 31 December 2019

	Note	(Unaudited) Three months ended 31 December		(Unaudited) Nine months ended 31 December	
		2019	2018	2019	2018
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
(Loss) profit for the period attributable to:					
Owners of the Company		(8,609)	(11,024)	(23,046)	(39,312)
Non-controlling interests		3,764	(937)	4,599	(2,869)
		<u>(4,845)</u>	<u>(11,961)</u>	<u>(18,447)</u>	<u>(42,181)</u>
Total comprehensive income (expense) for the period attributable to:					
Owners of the Company		(1,848)	(9,737)	(21,536)	(51,813)
Non-controlling interests		3,083	(584)	3,923	174
		<u>1,235</u>	<u>(10,321)</u>	<u>(17,613)</u>	<u>(51,639)</u>
		HK cents	HK cents (Restated)	HK cents	HK cents (Restated)
Loss per share					
Basic	7	<u>(2.3)</u>	<u>(3.1)</u>	<u>(6.1)</u>	<u>(11.6)</u>
Diluted	7	<u>(2.3)</u>	<u>(3.1)</u>	<u>(6.1)</u>	<u>(11.6)</u>

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 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 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") are (i) power and data cords business; (ii) trading of refined oil and chemicals business; and (iii) trading of commodities.

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 2019.

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 2019, 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	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Sales of power and data cords and inlets sockets	10,722	20,669	34,269	53,406
and trading of commodities	—	21,739	—	37,005
Sales of refined oil and chemicals	—	—	—	—
	<u>10,722</u>	<u>42,408</u>	<u>34,269</u>	<u>90,411</u>

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

	(Unaudited) Three months ended 31 December		(Unaudited) Nine months ended 31 December	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest income	2	23	8	195
Net foreign exchange (losses)/gains	(92)	185	(151)	394
Sundry income	426	4,480	1,449	10,070
Gain arising on deregistration of subsidiary	—	—	5,731	—
Reversal of impairment of trade receivables	—	—	2,356	—
	<u>336</u>	<u>4,688</u>	<u>9,393</u>	<u>10,659</u>

5. FINANCE COSTS

	(Unaudited)		(Unaudited)	
	Three months ended		Nine months ended	
	31 December		31 December	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Effective interest expenses on convertible notes	332	—	950	—
Effective interest expenses on promissory notes payable	1,747	1,750	5,168	4,608
Interest on secured bank loan	302	492	640	1,535
Interest on other loans	1,967	—	5,580	—
Interest on unsecured interest-bearing bonds	195	355	602	2,949
Interest on lease liabilities	41	—	126	—
	<u>4,584</u>	<u>2,597</u>	<u>13,066</u>	<u>9,092</u>

6. INCOME TAX CREDIT (EXPENSES)

	(Unaudited)		(Unaudited)	
	Three months ended		Nine months ended	
	31 December		31 December	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current tax – Hong Kong Profits Tax				
Provision for the period	—	—	—	—
Over-provision in prior years	415	—	3,783	—
Current tax – PRC Enterprise Income Tax				
Over-provision/(provision) for the period	2,847	(310)	(965)	(605)
Deferred tax	—	—	—	—
	<u>3,262</u>	<u>(310)</u>	<u>2,818</u>	<u>(605)</u>

6. INCOME TAX CREDIT (EXPENSES) *(Continued)*

No Hong Kong Profits Tax has been provided as the Group had no assessable profits in Hong Kong for the Financial Period (2018: Nil).

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% (2018: 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 2019, basic loss per share is calculated by dividing the unaudited loss attributable to owners of the Company of approximately HK\$8,609,000 (2018: approximately HK\$11,024,000) by the weighted average number of ordinary shares of 380,019,818 (2018: 357,122,819 as adjusted to reflect share consolidation effective on 29 November 2018) in issue for the Financial Period.

For the nine months ended 31 December 2019, basic loss per share is calculated by dividing the unaudited loss attributable to owners of the Company of approximately HK\$23,046,000 (2018: approximately HK\$39,312,000) by the weighted average number of ordinary shares of 380,019,818 (2018: 338,941,000 as adjusted to reflect share consolidation effective on 29 November 2018) 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 convertible notes and share options have anti-dilutive effects on basic loss per share (2018: Nil).

8. DIVIDEND

The Board does not recommend the payment of an dividend for the nine months ended 31 December 2019 (2018: Nil).

9. RESERVES

	(Unaudited)																					
	Attributable to owners of the Company										Total equity HK\$'000											
	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 capital reserve HK\$'000	Accumulated loss HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000												
At 1 April 2018	1,228	457,343	3,909	–	–	3,749	45,794	(599,290)	112,693	(11,036)	101,657											
Total comprehensive income (expenses) for the period	–	–	–	–	–	(12,501)	–	(39,312)	(51,813)	174	(51,639)											
Placement of shares	200	40,800	–	–	–	–	–	–	41,000	–	41,000											
Recognition of share options	–	–	–	–	–	–	3,766	–	3,766	–	3,766											
At 31 December 2018	1,428	698,143	3,909	–	–	(8,752)	49,520	(638,602)	105,646	(10,862)	94,784											
At 1 April 2019	1,520	703,768	3,918	2,215	–	(1,368)	50,794	(834,659)	(73,812)	(90)	(73,902)											
Total comprehensive income (expenses) for the period	–	–	–	–	–	1,510	–	(23,046)	(21,536)	3,923	(17,613)											
Deemed partial disposal of subsidiaries without loss of control	–	–	(1,920)	–	3,030	969	–	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 December 2019	1,520	703,768	1,998	2,215	3,030	1,051	52,553	(851,482)	(85,347)	2,803	(82,544)											

10. CAPITAL COMMITMENTS

	31 December 2019 HK\$'000 (Unaudited)	31 March 2019 HK\$'000 (Audited)
Capital expenditure in respect of the acquisition of intangible asset contracted for but not fully provided in the consolidated financial statements	2,230	2,230

11. CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 31 December 2019 and 31 March 2019.

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 are set out below:

Grantee	Date of grant	Exercise price (Note 2)	Exercise period of share options	Outstanding as at 1 April 2019 (Note 1)	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period	Outstanding as at 31 December 2019	Market value	Weighted average closing price	Approximate % of the Company's total issued share capital
									per share immediately before the date of grant of options	per share immediately before the date of exercise of options	as at 31 December 2019
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	–	0.69%
	16 April 2019	HK\$0.36	16 April 2019 – 15 April 2022	–	3,000,000	–	–	3,000,000	HK\$0.36	–	0.79%
Zou Donghai	16 April 2019	HK\$0.36	16 April 2019 – 15 April 2022	–	3,800,000	–	–	3,800,000	HK\$0.36	–	1.00%
	16 April 2019	HK\$0.36	16 April 2019 – 15 April 2022	–	3,500,000	–	–	3,500,000	HK\$0.36	–	0.92%
Zheng Jian Peng	16 April 2019	HK\$0.36	16 April 2019 – 15 April 2022	–	3,800,000	–	–	3,800,000	HK\$0.36	–	1.00%
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:											
Ho Chun Kit Gregory	17 March 2015	HK\$3.68	17 March 2015 – 16 March 2025	1,079,350	–	–	(1,079,350)	–	HK\$3.52	–	–
Zhang Xueming	21 April 2017	HK\$2.52	21 April 2017 – 20 April 2020	2,640,000	–	–	(2,640,000)	–	HK\$2.4	–	–
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%

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 2019, the interest and short position of each Director and chief executive of the Company nor their associates 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	Derivatives		Total	Percentage of aggregate interests to the total number of Share in issue
		Personal interests	Share options		
Mr. Zou Donghai	35,000,000	3,800,000		38,800,000	10.21%
Mr. Rong Changjun	—	5,640,000		5,640,000	1.48%
Dr. Zheng Jian Peng	2,640,000	3,800,000		6,440,000	1.69%
Ms. Hui Sai Ha	—	3,500,000		3,500,000	0.92%
Mr. Yuan Beisheng	—	3,500,000		3,500,000	0.92%
Mr. Zhang Wenrong	—	3,000,000		3,000,000	0.79%

Notes:

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.

LONG POSITIONS – ORDINARY SHARES *(Continued)*

Interests in the Shares and underlying shares of the Company *(Continued)*

Save as disclosed above, as at 31 December 2019, 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.

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 2019, 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 an audit Committee (the "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 Director, namely Mr. Chu Kin Ming (the chairman of the committee), Mr. Chiam Tat Yiu and Mr. Chan Wai Cheung Admiral. The Audit Committee has reviewed the 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

Save as the Escrow Shares disclosed above, 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 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 Period.

By order of the Board
China Oil Gangran Energy Group Holdings Limited
(Provisional Liquidators Appointed)
(For Restructuring Purpose)
Yeung Shing Wai
Executive Director

Hong Kong, 17 September 2020

As at the date of this report, the executive Directors are Mr. Rong Changjun, Mr. Zhang Wenrong, Mr. Yuan Beisheng, Ms. Hui Sai Ha (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 and Mr. Chan Wai Cheung Admiral.