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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

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8132

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 30 JUNE 2021

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 first quarterly results of the Company and its subsidiaries for the three months ended 30 June 2021. This announcement, containing the full text of the first quarterly report of the Company for the three months ended 30 June 2021 (“**First 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 the preliminary announcement of the first quarterly results. The printed version of the First 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.

By Order of the Board
China Oil Gangran Energy Group Holdings Limited
Leung Wing Cheong Eric
Chairman

Hong Kong, 10 August 2021

As at the date of this announcement, the executive Directors are Mr. Sun Jiusheng, Mr. Yeung Shing Wai, Mr. Li Shu Wang, Mr. Zhang Shao Wu, Mr. Zhang Wenrong (duties suspended) and Mr. Yuan Beisheng (duties suspended); non-executive Director is Mr. Leung Wing Cheong Eric; and the independent non-executive Directors are Mr. Chu Kin Ming, Mr. Lim Haw Kuang, Mr. Lui Ho Ming Paul and Mr. Cha Ho Wa.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the website of the GEM of The Stock Exchange of Hong Kong Limited at www.hkgem.com on the “Latest Listed Company Information” page for at least 7 days from the date of its posting and on the website of the Company at www.chinaoilgangrans.com.



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

GEM has been positioned as a market designed to accommodate 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.

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

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 three months ended 30 June 2021 (the “Financial Period”) was approximately HK\$14.6 million, representing a decrease of approximately 55% from approximately HK\$32.5 million for the corresponding period last year. Such decrease in the unaudited revenue was mainly due to the fact that the new products launched since the fourth quarter of the year ended 31 March 2020, namely headsets for adults and kids and hospital room control hub, have passed their peak sales period. These new products benefited from the high demand from the COVID-19 outbreak when they were launched and in the following quarters.

The Group’s unaudited profit attributable to the owners of the Company was approximately HK\$131.6 million for the Financial Period compared to the loss attributable to the owners of the Company of approximately HK\$2.4 million for the corresponding period last year. The profit attributable to the owners of the Company was mainly due to the gain on debt restructuring of approximately HK\$140.9 million arising from the scheme of arrangement entered into between the Company and its creditors under the Group’s restructuring (the “Creditors’ Scheme”).

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”), 舟山中油港燃石油化工有限公司 (transliterated as “Zhoushan China Oil Gangran Petroleum and Chemical Company Limited”), 江西港燃貿易有限公司 (transliterated as “Jiangxi Gangran Trading Company Limited”) and 吉林中油港燃能源開發有限公司 (transliterated as “Jilin China Oil Gangran Energy Development Company Limited”) (collectively the “Deconsolidated Subsidiaries” or “Excluded Subsidiaries”), which were the subsidiaries of the Company which engaged in the refined oil retail business and trading of methyl tert-butyl ether. Hence, the Group no longer consolidated the financial position and performance of the Deconsolidated Subsidiaries since 1 January 2019. Pursuant to the Creditors’ Scheme, the Deconsolidated Subsidiaries were transferred to a special purpose vehicle scheme company controlled by the scheme administrators on 25 June 2021. Upon the transfer, the Company ceased to have any interest in the Deconsolidated Subsidiaries, and the Deconsolidated Subsidiaries ceased to be subsidiaries of the Company.



GAIN ON DEBT RESTRUCTURING

The Creditors' Scheme was approved by the requisite statutory majorities of the creditors at the meeting of Creditors' Scheme held on 9 April 2021. The Cayman court sanctioned the Cayman scheme by order dated 21 May 2021. A copy of the sealed sanction order was registered with the Cayman Islands Registrar of Companies on 21 May 2021. The Hong Kong Court sanctioned the Hong Kong scheme at the hearing on 26 May 2021. A copy of the sealed sanction order was delivered to the Registrar of Companies in Hong Kong for registration on 27 May 2021. Accordingly, the creditors' schemes have become effective.

On 25 June 2021, a cash payment of HK\$20,000,000, being part of the proceeds from the subscription, should be transferred to the Creditors' Schemes and held by a scheme company for distribution (after making a reserve for the settlement of the scheme cost) to the creditors subject to adjudication. In addition, the Company allotted and issued 253,346,545 creditors' shares for the benefit of the creditors. The creditors' shares were issued by the Company to the scheme administrators or a scheme company or such other nominee(s) for distribution to the creditors subject to adjudication. Hence, there was a gain on debt restructuring recorded during the Financial Period. Details are set out in Note 5 of this report.

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 35% (2020: approximately 21%) and approximately 59% (2020: approximately 45%) of the Group's total unaudited revenue respectively, while the remaining approximate 6% (2020: approximately 34%) came from its other markets, including Taiwan and Hong Kong.



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 decreased by 45% to approximately HK\$8.1 million (2020: approximately HK\$14.7 million). The decrease was due to the fact that the new products launched since the fourth quarter of the year ended 31 March 2020, namely headsets for adults and kids, have passed their peak sales period. These new products benefited from the high demand from the COVID-19 outbreak when they were launched and in the following quarters.



(II) MEDICAL CONTROL DEVICES

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

During the Financial Period, the Group's unaudited revenue from medical control devices was approximately HK\$5.2 million (2020: approximately HK\$15.9 million), representing a year-on-year increase of approximately 67%, which was due to the fact that the new products launched since the fourth quarter of the year ended 31 March 2020, namely hospital room control hub, have passed their peak sales period. These new products benefited from the high demand from the COVID-19 outbreak when they were launched and in the following quarters.



(III) POWER CORDS AND INLET SOCKETS FOR HOUSEHOLD ELECTRIC APPLIANCES

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

During the Financial Period, the Group's unaudited revenue from power cords and inlet sockets for household electric appliances was approximately HK\$1.3 million (2020: approximately HK\$2.0 million), representing a year-on-year decrease of approximately 35%, which was due to the fierce competition in this sector.

TRADING OF COMMODITIES

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

The Group's unaudited revenue from the trading of commodities was nil (2020: Nil) 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 (2020: Nil).

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



Further, a legally binding liquefied natural gas supply contract was signed between the Group and an energy company in March 2020 pursuant to which the Group will provide liquefied natural gas to the customer during the period from July 2020 to December 2020. It is expected that the Group will supply approximately 20,000 tonnes of liquefied natural gas to the said gas company during the contract period. The contract has been delayed due to the COVID-19 pandemic and the Company's decision to focus on the existing businesses. Due to the prolonged delay and the changes in the market conditions including but not limited to the demand of liquefied natural gas and the commodities price, the Company decided not to extend the contract and the contract has lapsed.

FUNDRAISING ACTIVITIES

SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE

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

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

SUBSCRIPTION OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE

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



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

THE CREDITORS' SCHEMES

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

- (i) a cash payment of approximately HK\$20 million, being part of the proceeds from the subscriptions, will be transferred to the creditors' schemes and held by a scheme company for distribution (after making a reserve for the settlement of the scheme cost) to the creditors subject to adjudication;
- (ii) the Company will allot and issue 253,346,545 creditors' shares for the benefit of the creditors. The creditors' shares will be issued by the Company to the scheme administrators or a scheme company or such other nominee(s) for distribution to the creditors subject to adjudication; and
- (iii) the Company will transfer its claims, rights to claims, rights to any assets and the entire equity interests of the Deconsolidated Subsidiaries to another scheme company at a cash consideration of HK\$1. After such transfer, dividend distributed by such subsidiaries or recovery from those subsidiaries, if any, will be distributed for the benefit of the creditors subject to adjudication.

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

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



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

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

FULFILMENT OF ALL RESUMPTION CONDITIONS AND RESUMPTION OF TRADING

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

OUTLOOK

During the Financial Period, although global economic picked up in a faster pace, the economic has not fully recovered to the level before the COVID-19 outbreak. Unsynchronised global epidemic prevention and control, uneven economic recovery, intensified political and economic games and unsure monetary policy have all increased uncertainty. The Group launched several new products in the fourth quarter of the year ended 31 March 2020 and recorded remarkable revenue for the several quarters thereafter. Although the high demand and peak sales period has passed, the Company still recorded some stable sales from these products. The Group will continue to look for business opportunities in order to increase the revenue and profit of existing products and will try to expand its business by introducing new products.

The Chinese government has committed to realise carbon peak in 2030 and carbon neutrality by 2060. As a major energy consuming country, the fundamental key to achieve "double-carbon" target is to change the development pattern of energy industry with utilisation of technology and innovation, acceleration in transformation to and substitution with clean energy and increase in energy efficiency so as to minimise the impact to the atmosphere and environment.

As an emerging energy corporation, the Group's corporate mission is to "Benefit People's Livelihood with Clean Energy and Technology and Innovation". We focus on the development of clean energy industrial chain and sensitively utilise the R&D results of frontier technology in order to explore and advance industrialisation in energy technology and to connect and integrate with quality projects and resources in China and overseas, through which the Group could create massive synergy between capital, technology, business and operational management. Therefore, the Company will strive to establish its core competitiveness in the fields of new energy materials, energy saving and environmental protection and digital technologies for energy safety, and develop into a technological energy corporation with prominent influence and reputation within the industry.



FIRST 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 unaudited figures for the three months ended 30 June 2020 as follows:

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

For the three months ended 30 June 2021

	Notes	For the three months ended 30 June	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue	3	14,638	32,528
Cost of sales		(9,927)	(25,896)
Gross profit		4,711	6,632
Other income and gain, net	4	765	1,009
Selling expenses		(710)	(852)
Administrative expenses		(13,077)	(3,503)
(Loss) profit from operations		(8,311)	3,286
Fair value gain on derivative component of convertible notes		3,103	—
Gain on debt restructuring	5	140,906	—
Finance costs	6	(2,652)	(3,116)
Profit before tax		133,046	170
Taxation	7	(461)	(895)
Profit (loss) for the period		132,585	(725)
Other comprehensive (expenses) income, net of tax:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		(132)	19
Total comprehensive income (expenses) for the period		132,453	(706)



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

For the three months ended 30 June 2021

	Notes	For the three months ended 30 June	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Profit (loss) for the period attributable to:			
Owners of the Company		131,577	(2,379)
Non-controlling interests		1,008	1,654
		132,585	(725)
Total comprehensive income (expenses) for the period attributable to:			
Owners of the Company		131,431	(2,358)
Non-controlling interests		1,022	1,652
		132,453	(706)
Profit (loss) per share		HK cents	HK cents
Basic	8	26.5	(0.6)
Diluted		26.5	(0.6)



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 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 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 2021.

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 2021, 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.



2. BASIS OF PREPARATION (Continued)

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

	For the three months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Sales of power and data cords and inlet sockets	14,638	32,528

4. OTHER INCOME AND GAIN, NET

	For the three months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Interest income	2	1
Net foreign exchange (loss) gain	(25)	41
Sundry income	788	679
Gain arising on disposal of a subsidiary	—	288
	765	1,009

5. GAIN ON DEBT RESTRUCTURING

The gain on debt restructuring under the Creditors' Scheme of approximately HK\$140,906,000 (30 June 2020: Nil) was recognised during the Financial Period, being calculated as follows:

	HK\$'000 (Unaudited)
Assets transferred pursuant to the Creditors' Scheme:	
Financial assets at FVOCI, representing equity interests in Excluded Subsidiaries	—
Creditors' shares	(4,919)
Cash	(20,000)
	<hr/>
	(24,919)
Liabilities discharged pursuant to the Creditors' Scheme:	
Other payables and accrued expenses	48,435
Borrowings	31,401
Convertible notes	13,000
Promissory notes	72,989
	<hr/>
	165,825
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Gain on debt restructuring	140,906
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6. FINANCE COSTS

	For the three months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Effective interest expenses on convertible notes	—	307
Effective interest expenses on promissory notes payables	688	1,778
Effective interest on unsecured interest-bearing bonds	129	202
Interest on secured bank loan	75	168
Interest on other loans	1,754	568
Interest on leases liabilities	6	93
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	2,652	3,116
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7. TAXATION

	For the three months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Hong Kong Profits Tax		
— current year	205	648
PRC Enterprise Income Tax		
— current year	256	247
	461	895
Deferred tax	—	—
	461	895

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

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%.

8. PROFIT (LOSS) PER SHARE

BASIC PROFIT (LOSS) PER SHARE

Basic profit (loss) per share is calculated by dividing the profit attributable to owners of the Company of approximately HK\$131,577,000 (2020: loss of approximately HK\$2,379,000) by the weighted average number of ordinary shares of 496,948,993 (2020: 380,019,818) in issue for the Financial Period.

DILUTED PROFIT (LOSS) PER SHARE

Diluted profit (loss) per share is the same as basic loss per share as the outstanding convertible notes and share options have anti-dilutive effects on the basic loss per share for Financial Period and the corresponding period last year.

9. DIVIDEND

No dividend had been paid or declared by the Company for the Financial Period (2020: Nil).

10. RESERVES

	(Unaudited)										
	Attributable to owners of the Company										
	Share capital	Share premium	Statutory reserve	Convertible equity notes reserve	Equity transaction reserve	Foreign currency translation reserve	Share-based payment	Accumulated losses	Sub-total	Non-controlling interests	Total
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2020	1,520	703,768	1,998	2,215	3,030	(2,091)	52,553	(860,262)	(97,369)	3,278	(94,091)
Total comprehensive income (expenses) for the period	—	—	—	—	—	21	—	(2,379)	(2,358)	1,652	(706)
Share options lapsed	—	—	—	—	—	—	(3,263)	3,263	—	—	—
At 30 June 2020	1,520	703,768	1,998	2,215	3,030	(2,070)	49,290	(859,478)	(99,727)	4,930	(94,797)
At 1 April 2021	1,520	703,768	1,998	2,215	3,030	(663)	47,806	(893,602)	(133,928)	9,269	(124,659)
Total comprehensive income (expenses) for the period	—	—	—	—	—	(146)	—	131,577	131,431	1,022	132,453
Share options lapsed	—	—	—	—	—	—	(5,039)	5,039	—	—	—
Recognition of equity component of convertible notes	—	—	—	3	—	—	—	—	3	—	3
Issuance of shares upon share subscription	7,601	29,294	—	—	—	—	—	—	36,895	—	36,895
Issuance of shares upon debt restructuring	1,013	3,906	—	—	—	—	—	—	4,919	—	4,919
Debt restructuring	—	—	—	(2,215)	—	—	—	2,215	—	—	—
At 30 June 2021	10,134	736,968	1,998	3	3,030	(809)	42,767	(754,771)	39,320	10,291	49,611

11. CONTINGENT LIABILITIES

The Group had no significant contingent liabilities at 30 June 2021 and 31 March 2021.



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 (the “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.

The Scheme, which was adopted by the Company on 27 April 2011 for a term of 10 years, was expired on 26 April 2021. As at the date of this report, there were 38,950,550 share options granted but not yet exercised under the Scheme and the Company has no subsisting share option scheme other than the Scheme. Pursuant to the terms of the Scheme, no further share options will be granted thereunder after the expiry of the Scheme but in all other respects the provisions of the Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any share options granted thereunder (if any) prior to such expiry or otherwise as may be required in accordance with the provisions of the Scheme, and all share options granted thereunder (if any) prior to such expiry shall continue to be exercisable subject to and in accordance with their terms of grant. The Company may adopt a new share option scheme in the future, subject to approval of the Shareholders according to the articles of associations of the Company.

Eligible Participants (the “Participants”) of the Scheme include the following:

- a. any executive or non-executive Director including any independent non-executive Director or any employee (whether full-time or part-time) of any member of the Group;
- b. any adviser or consultant (in the areas of legal, technical, financial or corporate managerial) to the Group;
- c. any provider of goods and/or services to the Group;
- d. any other person who the Board considers, in its sole discretion, has contributed to the Group; and
- e. any trustee of a trust (whether family, discretionary or otherwise) whose beneficiaries or objects include any of those of (a), (b), (c) and (d) above.



SHARE OPTION SCHEME (Continued)

Particulars of the share options to subscribe for shares granted pursuant to the Share Option Scheme as at the 30 June 2021 are set out below:

Grantee	Date of grant	Exercise price (Note 2)	Exercise period of share options	Outstanding as at 1 April 2021 (Note 1)	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period	Outstanding as at 30 June 2021	Market value per share immediately before the date of grant (Note 2)	Weighted average	Approximate % of the Company's total issued share capital as at 30 June 2021
										closing price per share immediately before the date of exercise of options	
Executive Directors:											
Rong Changjun	16 April 2019	HK\$0.36	16 April 2019 – 15 April 2022	3,000,000	—	—	—	3,000,000	HK\$0.36	—	0.12%
Yuan Beisheng	16 April 2019	HK\$0.36	16 April 2019 – 15 April 2022	3,500,000	—	—	—	3,500,000	HK\$0.36	—	0.14%
Zhang Wenrong	16 April 2019	HK\$0.36	16 April 2019 – 15 April 2022	3,000,000	—	—	—	3,000,000	HK\$0.36	—	0.12%
Ex-executive Directors:											
Hui Sai Ha	16 April 2019	HK\$0.36	16 April 2019 – 15 April 2022	3,500,000	—	—	—	3,500,000	HK\$0.36	—	0.14%
Other Categories:											
Consultants	10 October 2013	HK\$7.82	10 October 2013 – 9 October 2023	1,375,000	—	—	—	1,375,000	HK\$7.6	—	0.05%
	13 January 2014	HK\$6.28	13 January 2014 – 12 January 2024	2,750,000	—	—	—	2,750,000	HK\$6.16	—	0.11%
	14 July 2014	HK\$5.12	14 July 2014 – 13 July 2024	3,850,000	—	—	—	3,850,000	HK\$5.2	—	0.15%
	21 August 2014	HK\$4.52	21 August 2014 – 20 August 2024	1,375,000	—	—	—	1,375,000	HK\$4.8	—	0.05%
	16 February 2015	HK\$3.28	16 February 2015 – 15 February 2025	2,179,350	—	—	—	2,179,350	HK\$3.4	—	0.09%
	17 March 2015	HK\$3.68	17 March 2015 – 16 March 2025	3,121,200	—	—	—	3,121,200	HK\$3.52	—	0.12%
	11 April 2018	HK\$1.04	11 April 2018 – 10 April 2021	2,112,500	—	—	(2,112,500)	—	HK\$0.92	—	—
	16 April 2019	HK\$0.36	16 April 2019 – 15 April 2022	11,000,000	—	—	—	11,000,000	HK\$0.36	—	0.43%
Employees	11 April 2018	HK\$1.04	11 April 2018 – 10 April 2021	8,450,000	—	—	(8,450,000)	—	HK\$0.92	—	—
	16 April 2019	HK\$0.36	16 April 2019 – 15 April 2022	4,100,000	—	—	—	4,100,000	HK\$0.36	—	0.16%

Note:

- Save for the share options granted on 16 April 2019, the number of underlying shares comprised in outstanding share options has been adjusted as a result of the share subdivision and/or the share consolidation becoming effective on 25 March 2014, 30 September 2016 and 29 November 2018.
- Save for the share options granted on 16 April 2019, the exercise price and the market value per share immediately before the date of grant of options of the outstanding share options is subject to adjustment of the share subdivision and/or the share consolidation becoming effective on 25 March 2014, 30 September 2016 and 29 November 2018.



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

As at 30 June 2021, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions 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 to be notified to the Company and the Stock Exchange, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

LONG POSITIONS IN THE UNDERLYING SHARES OF THE COMPANY UNDER EQUITY DERIVATIVES

Name of Director	Capacity	Nature of interest	Number of underlying Shares held	Approximate percentage of the issued share capital of the Company (Note 3)
Mr. Rong Changjun (duties suspended) (Notes 1 and 2)	Beneficial owner	Personal interest	3,000,000	0.12%
Mr. Yuan Beisheng (duties suspended) (Note 1)	Beneficial owner	Personal interest	3,500,000	0.14%
Mr. Zhang Wenrong (duties suspended) (Note 1)	Beneficial owner	Personal interest	3,000,000	0.12%

Notes:

- Mr. Rong Changjun, Mr. Yuan Beisheng and Mr. Zhang Wenrong have interests in the options to subscribe for the shares of the Company (the "Shares") granted by the Company pursuant to the Scheme as referring to the section "Share Option Scheme" of this report.
- Mr. Rong Changjun passed away on 3 June 2021 as referring to the Company's announcement dated 5 July 2021.
- The issued share capital of the Company for calculating the percentage in this column refers to the issued share capital of the Company as at 30 June 2021.



Save as disclosed above, as at 30 June 2021, 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 notified to the Company and the Stock Exchange pursuant to Divisions 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, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

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

As at 30 June 2021, so far as is known to the Directors or chief executives of the Company, the persons or companies (other than the Directors or chief executives of the Company) have interests or short positions in the shares or underlying shares of the Company which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and entered in the register maintained by the Company pursuant to Section 336 of the SFO were as follows:

LONG POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY UNDER EQUITY DERIVATIVES

Name of shareholder	Capacity	Nature of interest	Interests in the Shares		Interests in the underlying Shares under equity derivatives	
			Number of Shares held	Approximate percentage of shareholding	Number of underlying Shares (under equity derivatives of the Company)	Approximate percentage of the issued share capital of the Company (Note 5)
(a) BAINENG Holdings Limited ("BAINENG") (Note 1)	Beneficial owner	Corporate interest	1,501,078,281	59.25%	96,331,929	3.80%
		Corporate interest	399,020,809	15.75%	25,607,221	1.01%
Mr. Sun Jiusheng (Note 1)	Interest of controlled corporation	Corporate interest	1,501,078,281	59.25%	96,331,929	3.80%
		Corporate interest	399,020,809	15.75%	25,607,221	1.01%
Ms. Zhou Jing (Note 1)	Interest of controlled corporation	Corporate interest	1,501,078,281	59.25%	96,331,929	3.80%
		Corporate interest	399,020,809	15.75%	25,607,221	1.01%



Name of shareholder	Capacity	Nature of interest	Interests in the Shares		Interests in the underlying Shares under equity derivatives	
			Number of Shares held	Approximate percentage of shareholding	Number of underlying Shares (under equity derivatives of the Company)	Approximate percentage of the issued share capital of the Company (Note 5)
Mr. Zhang Chao (Note 1)	Interest of controlled corporation	Corporate interest	1,501,078,281	59.25%	96,331,929	3.80%
	Interest held jointly with another parties	Corporate interest	399,020,809	15.75%	25,607,221	1.01%
(b) Richmax Investment (H.K.) Limited ("Richmax Investment") (Note 2)	Beneficial owner	Corporate interest	326,247,014	12.88%	20,936,952	0.83%
	Interest held jointly with another parties	Corporate interest	1,573,852,076	62.12%	101,002,198	3.99%
Mr. Chu David (Note 2)	Interest of controlled corporation and interest of spouse	Corporate interest and spouse interest	326,247,014	12.88%	20,936,952	0.83%
	Interest held jointly with another parties	Corporate interest	1,573,852,076	62.12%	101,002,198	3.99%
Ms. Tsang Siu Lan (Note 2)	Interest of controlled corporation and interest of spouse	Corporate interest and spouse interest	326,247,014	12.88%	20,936,952	0.83%
	Interest held jointly with another parties	Corporate interest	1,573,852,076	62.12%	101,002,198	3.99%
Mr. Cheung Yuen Chau (Note 2)	Interest of controlled corporation	Corporate interest	326,247,014	12.88%	20,936,952	0.83%
	Interest held jointly with another parties	Corporate interest	1,573,852,076	62.12%	101,002,198	3.99%
Ms. Ip Tsang Katherine Man Tung (Note 2)	Interest of controlled corporation	Corporate interest	326,247,014	12.88%	20,936,952	0.83%
	Interest held jointly with another parties	Corporate interest	1,573,852,076	62.12%	101,002,198	3.99%
(c) New Origins International Limited ("New Origins") (Note 3)	Beneficial owner	Corporate interest	72,773,795	2.87%	4,670,269	0.18%
	Interest held jointly with another parties	Corporate interest	1,827,325,295	72.13%	117,268,881	4.63%
Ms. To Sau Man (Note 3)	Interest of controlled corporation	Corporate interest	72,773,795	2.87%	4,670,269	0.18%
	Interest held jointly with another parties	Corporate interest	1,827,325,295	72.13%	117,268,881	4.63%



Name of shareholder	Capacity	Nature of interest	Interests in the Shares		Interests in the underlying Shares under equity derivatives	
			Number of Shares held	Approximate percentage of shareholding	Number of underlying Shares (under equity derivatives of the Company)	Approximate percentage of the issued share capital of the Company (Note 5)
(d) Grand Strong Investment Limited ("Grand Strong") (Note 4)	Beneficial owner	Corporate interest	253,346,545	10.00%	N/A	N/A
Ms. So Kit Yee Anita (Note 4)	Interest of controlled corporation	Corporate interest	253,346,545	10.00%	N/A	N/A
Mr. Chan King Wai Leonard (Note 4)	Interest of controlled corporation	Corporate interest	253,346,545	10.00%	N/A	N/A

Note 1: In accordance with the SFO, BAINENG has total interest in 2,022,038,240 Shares, of which 96,331,929 Shares relate to the derivative interests of completion of subscription of convertible bonds of the Company on 25 June 2021 (the "CB Subscription"). 399,020,809 Shares are held by other parties acting in concert and 25,607,221 Shares relate to the derivative interests of other parties acting in concert in the CB Subscription. BAINENG is beneficially owned as to 36% by Mr. Sun Jiusheng, 32% by Ms. Zhou Jing and 32% by Mr. Zhang Chao. By virtue of the SFO, Mr. Sun Jiusheng, Ms. Zhou Jing and Mr. Zhang Chao are deemed to be interested in the Shares and the underlying shares of the Company (the "Underlying Shares") which BAINENG has interest in.

Note 2: In accordance with the SFO, Richmax Investment has total interest in 2,022,038,240 Shares, of which 20,936,952 Shares relate to the derivative interests of the CB Subscription, 1,573,852,076 Shares are held by other parties acting in concert and 101,002,198 Shares relate to the derivative interests of other parties acting in concert in the CB Subscription. Richmax Investment is beneficially owned as to 46.67% by Mr. Chu David, 40% by Mr. Cheung Yuen Chau, 6.67% by Ms. Tsang Siu Lan and 6.66% by Ms. Ip Tsang Katherine Man Tung. Ms. Tsang Siu Lan is the spouse of Mr. Chu David. By virtue of the SFO, Mr. Chu David, Mr. Cheung Yuen Chau, Ms. Tsang Siu Lan and Ms. Ip Tsang Katherine Man Tung are deemed to be interested in the Shares and the Underlying Shares which Richmax Investment has interest in.

Note 3: In accordance with the SFO, New Origins has total interest in 2,022,038,240 Shares, of which 4,670,269 Shares relate to the derivative interests of the CB Subscription, 1,827,325,295 Shares are held by other parties acting in concert and 117,268,881 Shares relate to the derivative interests of other parties acting in concert in the CB Subscription. New Origins is beneficially wholly-owned by Ms. To Sau Man. By virtue of the SFO, Ms. To Sau Man is deemed to be interested in the Shares and the Underlying Shares which New Origins has interest in.

Note 4: Grand Strong is beneficially owned as to 50% by Ms. So Kit Yee Anita and 50% by Mr. Chan King Wai Leonard. By virtue of the SFO, Ms. So Kit Yee Anita and Mr. Chan King Wai Leonard are deemed to be interested in the Shares which Grand Strong has interest in.

Note 5: The issued share capital of the Company for calculating the percentage in this column refers to the issued share capital of the Company as at 30 June 2021.

Save as disclosed above, as at 30 June 2021, the Company had not been notified by any persons who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register maintained by the Company pursuant to Section 336 of the SFO.



AUDIT COMMITTEE

The Company established an audit committee of the Company (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 Directors, namely Mr. Chu Kin Ming (chairman), Mr. Lim Haw Kuang and Mr. Lui Ho Ming Paul. The Audit Committee has reviewed the unaudited consolidated results of the Group for the Financial Period.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company adopted the rules set out in Rules 5.48 to 5.67 of the GEM Listing Rules as its 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 with all Directors, that the Directors confirmed that they had 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 purchased, sold, or redeemed any of the listed securities of the Company during the Financial Period.

DIRECTORS’ INTERESTS IN CONTRACTS

No Director had a material interest in, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the Financial Period.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed 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
Leung Wing Cheong Eric
Chairman

Hong Kong, 10 August 2021

As at the date of this report, the executive Directors are Mr. Sun Jiusheng, Mr. Yeung Shing Wai, Mr. Li Shu Wang, Mr. Zhang Shao Wu, Mr. Zhang Wenrong (duties suspended) and Mr. Yuan Beisheng (duties suspended); non-executive Director is Mr. Leung Wing Cheong Eric; and the independent non-executive Directors are Mr. Chu Kin Ming, Mr. Lim Haw Kuang, Mr. Lui Ho Ming Paul and Mr. Cha Ho Wa.