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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

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE FINAL RESULTS AND ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2017

Reference is made to the final results announcement for the year ended 31 March 2017 (the “**Announcement**”) of China Oil Gangran Energy Group Holdings Limited (the “**Company**”) dated 30 June 2017 and annual report for the financial year ended 31 March 2017 (the “**Annual Report**”) of the Company. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement and the Annual Report.

DEPOSITS PAID FOR ACQUISITION OF SINO GRANDWAY INTERNATIONAL INVESTMENT LIMITED

Reference is made to pages 123 and 124 of the Annual Report under the sub-heading “(b) Sino Grandway International Investment Limited (“**Sino Grandway**”)”. Pursuant to the terms of the MOU and the Supplemental MOU in relation to the proposed acquisition of Sino Grandway, the Company paid the First Deposit of HK\$8,000,000 and the Second Deposit of HK\$24,000,000 in 2014. The Board would like to provide the following supplemental information to the shareholders of the Company:

On 12 June 2017, Sino Grandway proposed to repay to the Company the sum of HK\$32,000,000. The Company rejected the proposal of Sino Grandway as it took too long for the Company to recover all amount due and owing from Sino Grandway.

Sino Grandway subsequently repaid a sum of HK\$9,100,000 and HK\$2,000,000 to the Company on 28 June 2017 and 3 July 2017 respectively. Sino Grandway further agreed to pay to the Company the remaining balance of HK\$20,900,000 within four months. Further, Sino Grandway also caused the provision to the Company a guarantee on the repayment of the entire remaining outstanding balance.

Based on the above, the Directors are of the view that the First Deposit and the Second Deposit would be fully recoverable.

KEY AUDIT MATTER – IMPAIRMENT ASSESSMENT OF GOODWILL

Reference is made to page 64 of the Annual Report under the sub-heading “Impairment assessment of goodwill – Key Audit Matter”. In relation to the decrease in the recoverable amount of the CGU for digital application, the Board would like to provide the following supplemental information to the shareholders of the Company:

Except the delay of launching the business plan, the decrease in the recoverable amount of the CGU for digital application is due to (i) the intense market competition which lead to a decrease of expected download of the software application from 5 million to 3.5 million under the business forecast; and (ii) the expected increase of development costs under the business forecast.

The delay of launching the business plan is due to (i) the intense market competition and it takes more time to develop software application to meet the customers’ expectation; and (ii) the lack of financial resources to launch the business plan as originally scheduled.

PROFIT GUARANTEE

Reference is made to page 34 of the Announcement and page 12 of the Annual Report. Pursuant to the terms of the SPA dated 21 November 2013, the Vendor irrevocably and unconditionally warranted and guaranteed to the Dynamic Miracle that the audited net profits after tax of 3 Dynamics in the Relevant Period shall not be less than HK\$42,000,000. This Profit Guarantee was secured by 140,000,000 Escrow Shares of the Company issued to the Vendor. As certified by the previous auditor of 3 Dynamics, 3 Dynamics made no profit for the Relevant Period pursuant to the SPA. The Board would like to provide the following supplemental information to the shareholders of the Company:

There is still 73,870,000 Escrow Shares held in escrow not yet realised as at 28 June 2017. The Company has demanded the Vendor to sell such Escrow Shares to satisfy the profit guarantee shortfall. The Company had also demanded the Vendor to settle all profit guarantee shortfall or otherwise to commence legal proceedings against the Vendor. The Vendor subsequently proposed to the Company to settle the HK\$22,000,000 profit guarantee shortfall by selling the Escrow Shares and by transferring equity interest in a project (the “**Project**”). The Company is in the course of obtaining more information about the Project to decide as to whether or not the Company should accept the Project in lieu of cash compensation from the Vendor. Should the Company not be satisfied with the information provided by the Vendor, the Company will demand the sale of the Escrow Shares and initiate legal proceedings against the Vendor for settlement of all remaining outstanding sum. Taking into account the above, the Board considered that the contingent consideration receivables would be recoverable.

Full provision was made by the Company on the outstanding amount of the profit guarantee based on the accounting concept of conservatism and the auditors of the Company agreed with the Company in relation to making of the full provision on the outstanding amount of the profit guarantee.

By Order of the Board
China Oil Gangran Energy Group Holdings Limited
Zheng Jian Peng
Company Secretary

Hong Kong, 18 July 2017

As at the date of this announcement, the executive Directors are Mr. Zou Donghai, Mr. Rong Changjun, Mr. Zhang Xueming, Dr. Ho Chun Kit Gregory and Dr. Zheng Jian Peng; and the independent non-executive Directors are Ms. Eugenia Yang, Mr. Chan Ying Kay and Mr. Lau Sung Tat, Vincent.

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 commission 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.chinaoilgangran.com and <http://chinaoilgangran.todayir.com>.