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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**

### QUARTERLY UPDATE ON SUSPENSION OF TRADING

This announcement is made by China Oil Gangran Energy Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on GEM made by the Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

Reference is made to the announcements (the “**Announcements**”) of the Company dated 29 April 2019, 10 May 2019, 16 May 2019, 21 May 2019, 29 May 2019, 10 June 2019, 14 June 2019, 19 June 2019, 28 June 2019, 18 July 2019, 29 October 2019 and 6 November 2019 in relation to, among other things, (i) the winding up petition (the “**Hong Kong Petition**”) instigated by Glory Sun Securities Limited (the “**Hong Kong Petitioner**”) against the Company in the High Court; (ii) the delay in (a) the publication of the annual results of the Group for the year ended 31 March 2019 (the “**2019 Annual Results**”) and the first quarterly results of the Group for the three months ended 30 June 2019; and (b) the despatch of the annual report of the Group for the year ended 31 March 2019; (iii) the suspension of trading in the shares of the Company and the resumption guidance; and (iv) the winding up petition (the “**Cayman Petition**”) filed by the Company at the Grand Court of the Cayman Islands. Capitalised terms used herein shall have the same meanings as those defined in the Announcements unless the context requires otherwise.

### UPDATE ON STATUS OF THE RESUMPTION PLAN

#### Resumption Guidance

On 15 July 2019, the Company received a letter from the Stock Exchange in which the following resumption guidance (the “**Resumption Guidance**”) is set out in light of the Company’s inability to publish the 2019 Annual Results within the timeframe

required under the GEM Listing Rules: (i) to publish all outstanding financial results required by the GEM Listing Rules and address any audit qualifications; and (ii) to inform the market of all material information for shareholders and investors to appraise its position.

### **Additional Resumption Guidance**

On 8 November 2019, the Company received a letter from the Stock Exchange in which, among others, the following additional resumption guidance (the “**Additional Resumption Guidance**”) is set out: (i) demonstrate that the Company has in place adequate internal control systems to meet the obligations under the GEM Listing Rules; (ii) demonstrate that the directors of the Company meet a standard of competence commensurate with their positions as directors of a listed issuer to fulfil duties of skill, care and diligence as required under GEM Rule 5.02; and (iii) have the winding up petition(s) (or order(s), if made) against the Company withdrawn or dismissed and the appointment of liquidators (provisional or not) discharged.

The Company has taken and is currently taking active steps to address and comply with the conditions set out in the Resumption Guidance and the Additional Resumption Guidance, details of which are summarised as follows:

### **Proposed change of auditor**

At the end of June 2019, the Company entered into preliminary discussions with Zhonghui Anda CPA Limited (“**Zhonghui**”) regarding the proposed appointment of Zhonghui as the new auditor of the Company (the “**Change of Auditor**”). In early July 2019, Zhonghui commenced the pre-acceptance works on the books and accounts of the Group for the year ended 31 March 2019 and such pre-acceptance works had been completed by the end of July 2019. However, Zhonghui was not able to proceed further with the audit work on the Group for the year ended 31 March 2019 until the Change of Auditor had been completed, which depended on Zhonghui having obtained the professional clearance from the existing auditor of the Company, HLM CPA Limited (“**HLM**”). The delay was mainly due to the Company’s failure to settle certain outstanding audit fees of the Group (the “**Outstanding Audit Fees**”) incurred for the audit work on the Group for the year ended 31 March 2018 previously carried out by HLM. As a result of the Hong Kong Petition, the operating bank account of the Company has been temporarily frozen by the relevant bank and the Company currently does not have sufficient cash to settle the Outstanding Audit Fees.

### **Updates on the status of the Hong Kong Petition**

On 17 July 2019, the Company entered into a deed of settlement (the “**Settlement Deed**”) with the Hong Kong Petitioner to repay the outstanding sums in four tranches

of HK\$5 million on 24 July 2019 (which has been paid) and HK\$7 million on each of 31 October 2019, 31 December 2019 and 31 March 2020 and for the Petition to be adjourned. The Company is unable to repay the sum of HK\$7 million due under the Settlement Deed on 31 October 2019 to the Hong Kong Petitioner.

The Company is indebted to a financial printer (the “**Financial Printer**”) in the sum of HK\$591,851.45 in respect of certain printing and translation work carried out by the Financial Printer on behalf of the Company. The solicitors acting on behalf of the Financial Printer has previously served a demand letter on the Company for payment of the alleged outstanding amount of approximately HK\$1.2 million. Subsequently, by an order of the High Court, a creditor by the name of the Financial Printer was substituted as the petitioning creditor to the Hong Kong Petition. As at the date of this announcement, the Hong Kong Petition has been further adjourned to be heard on 11 November 2019.

### **The current financial position of the Group, the Cayman Petition and the appointment of joint and several provisional liquidators**

Having duly and carefully considered the current financial position of the Group, including the cash flow status of the Company and that it is currently unable to pay its debts when they fall due and will be insolvent within the meaning of section 93 of the Companies Law, the Company has on 22 October 2019 (Cayman Islands time) filed at the Grand Court of the Cayman Islands (the “**Grand Court**”) the Cayman Petition under section 94 of the Companies Law. The Cayman Petition seeks the appointment of Mr. Yen Ching Wai David and Ms. So Kit Yee Anita, both of Ernst & Young Transactions Limited, and Mr. Keiran William Hutchison of Ernst & Young Ltd as the Proposed Liquidators. The Cayman Petition has been fixed for hearing at the Grand Court on 23 January 2020 at 10:00 a.m. (Cayman Islands time).

In the same proceedings as the Cayman Petition, the Company has also filed a Summons seeking the appointment of the Proposed Liquidators as the JPLs pursuant to section 104(3) of the Companies Law for the purpose of inter alia, assisting in its financing activities and carrying out a restructuring of the business and the indebtedness of the Group to solve its cash flow problem. The Company intends to appoint the JPLs on the basis that the Board will retain management of the Company while the JPLs will have the power to develop and propose a restructuring of the Company’s indebtedness in a manner to allow the Company and the Group to continue as a growing concern.

The Summons seeking the appointment of the Proposed Liquidators as joint provisional liquidators of the Company was heard by the Grand Court on 5 November 2019 (Cayman Islands time). On 6 November 2019 (Hong Kong time), the Board received the sealed Court Order dated 5 November 2019 in relation to the Summons in which the Grand Court had ordered that, among others: (i) the Proposed

Liquidators be appointed as the JPLs with the power to act jointly and severally; and (ii) the JPLs be authorised to develop and propose a restructuring of the Company's indebtedness in a manner designed to allow the Company to continue as a going concern, with a view to making a compromise or arrangement with the Company's creditors, including (without limitation) a compromise or arrangement by way of a scheme of arrangement pursuant to section 86 of the Companies law.

### **The Proposed Restructuring**

The Company is currently in the process of negotiating with two potential new investors who have expressed their interest in participating in the proposed restructuring of the capital / debt restructuring of the Group (the “**Proposed Restructuring**”), and to provide interim financing to support the Group's daily operations. The proposals from each of the two potential new investors will involve significant investments in the Company. One of the essential terms of the Proposed Restructuring is that the Company and its creditors enter into schemes of arrangement in the Cayman Islands and in Hong Kong under which the creditors will compromise their claims against the Company. It is proposed that part of the fund so raised under the Proposed Restructuring will be applied as full and final settlement of debts owed to the creditors under schemes of arrangement.

### **Progress of implementing the resumption plan**

In view of the current financial position of the Group, the Company has filed the Cayman Petition seeking the appointment of the Proposed Liquidators. In the meantime, the JPLs has already been appointed. Upon completion of the Proposed Restructuring, it is expected that the Company will have sufficient financial resources for final settlement of debts, including the Outstanding Audit Fees, owed to the creditors under schemes of arrangement. Zhonghui will then be able to obtain professional clearance and relevant accounting records of the Group from HLM for carrying out the audit of the Group for the year ended 31 March 2019, which in turn will enable the Group (i) to publish all outstanding financial results required by the GEM Listing Rules and address any audit qualifications; and (ii) to inform the market of all material information for shareholders and investors to appraise its position.

The Company will provide an update on the fulfilment of the conditions set out in the Resumption Guidance and Additional Resumption Guidance, the status of the Change of Auditor, the Hong Kong Petition, the Cayman Petition and the Proposed Restructuring as and when required.

## UPDATE ON BUSINESS OPERATIONS OF THE GROUP

The Group is principally engaged in the following businesses: (i) the manufacture and sale of power cords and inlet sockets for household electric appliances as well as power and data cords for mobile phones and medical control devices; (ii) the trading of mobile smart phones; (iii) the development of digital applications, including handheld electronic game consoles, mobile game applications, digital marketing solutions; (iv) the liquefied natural gas, compressed natural gas and other related clean energy businesses; (v) refined oil retail business; and (vi) trading of Methyl tert-butyl ether (“**MTBE**”).

Based on the latest information available to the Board, the Group experienced a substantial decrease in the sales of refined oil and trading of MTBE for the five months ended 31 August 2019 (the “**Financial Period**”) as compared with the corresponding period in 2018 due to strong market competition and insufficient funding to support its business operations. On the other hand, the Group experienced relatively slight decrease in the sales of power cords and inlet sockets for household electric appliances, power and data cords for mobile phones and medical control devices for the Financial Period as compared with the corresponding period in 2018 due to market competition and the tax imposition effects between the United States and China.

## 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 and the Additional Resumption Guidance. The Board is working closely 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)*  
**Zou Donghai**  
*Chairman*

Hong Kong, 8 November 2019

*As at the date of this announcement, the executive Directors are Mr. Zou Donghai, Mr. Rong Changjun, Mr. Zhang Wenrong, Dr. Zheng Jian Peng, Mr. Yuan Beisheng and Ms. Hui Sai Ha; and the independent non-executive Directors are Mr. Qin Shihui, Mr. He Wen and Mr. Clay Huen.*

*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.chinaoilgangran.com](http://www.chinaoilgangran.com) and <http://chinaoilgangran.todayir.com>.*