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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, 6 November 2019, 8 November 2019, 18 November 2019, 6 December 2019, 17 December 2019 and 23 December 2019 in relation to, among other things, (i) the winding up petition (the “**Hong Kong Petition**”) instigated by Glory Sun Securities Limited 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 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, the resumption guidance and the additional resumption guidance; (iv) the winding up petition (the “**Cayman Petition**”) filed by the Company at the Grand Court of the Cayman Islands; (v) the strategic cooperation agreement (the “**Strategic Cooperation Agreement**”) dated 17 December 2019 and entered into between Sun Fair Electric Wire & Cable (Shenzhen) Company Limited (三輝電綫電纜(深圳)有限公司) (“**Sun Fair**”), an indirect subsidiary of the Company, and 廣州華項科技有限公司 (Guangzhou Huaxiang Technology Co. Ltd.*) (“**Guangzhou Huaxiang**”) in relation to the strategic cooperation (the “**Strategic Cooperation**”) in the aspect of developing and safeguarding the electronics market promotion and sales agency; and (vi) the non-legally binding memorandum of understanding (the “**MOU**”) dated 23 December 2019 and entered into between the Company and Hong Lin Investments L.P. (the

“**Potential Investor**”) in relation to the subscription of new shares and subscription of new bonds in the Company. 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

The Board wishes to update the shareholders and potential investors of the Company that the Company is currently working closely with its professional advisers towards the fulfilment of the conditions set out in the Resumption Guidance and the Additional Resumption Guidance. Details of updates on the status of the resumption plan of the Company are set out below:

Updates on the status of the Hong Kong Petition and the Cayman Petition

As set out in the Announcements, the Board had received the sealed Court Order dated 4 December 2019 of the Grand Court in which it was ordered that the Grand Court would issue the Letter of Request to the High Court for its assistance in the provisional liquidation of the Company. In particular, the Grand Court had requested the High Court to make, among others, the following orders in the Letter of Request:

- (a) the appointment of the JPLs for restructuring purposes, be recognised by the High Court;
- (b) the JPLs have and may exercise such powers as are available to them under the Court Order dated 5 November 2019 made by the Grand Court and as a matter of laws of the Cayman Islands in Hong Kong to the fullest extent permitted by the laws of Hong Kong; and
- (c) the Hong Kong Petition shall be adjourned in order to allow time for the Company to restructure its indebtedness.

Updates on the Proposed Restructuring

On 23 December 2019, the Company entered into the non-legally binding MOU with the Potential Investor in relation to the subscription of new shares and subscription of new bonds in the Company. Pursuant to the MOU, the Potential Investor shall invest the aggregate sum of HK\$40 million in the Company, of which HK\$30 million shall be by way of subscription of the Subscription Shares and the remaining HK\$10 million shall be by way of subscription of the Bonds.

The subscription price payable for the Subscription Shares and the Bonds as well as the number of Subscription Shares and the amount of Bonds to be issued shall be subject to further negotiation between the Company and the Potential Investor.

In consideration of the Company entering into the MOU, the Potential Investor has already paid to the Company the Non-Refundable Deposit in the sum of HK\$5 million in cash.

In the event that the Subscription Agreements are entered into by the Company and the Potential Investor, the Non-Refundable Deposit shall be applied towards the satisfaction of part of the consideration payable by the Potential Investor for subscription of the Subscription Shares as specified in the First Subscription Agreement.

In the event that either the First Subscription Agreement or the Second Subscription Agreement is not entered into by the Company and the Potential Investor within the Exclusivity Period, the Company shall be entitled to forfeit the Non-Refundable Deposit in full.

The Potential Investor and the Company shall negotiate in good faith towards one another in ensuring that the Subscription Agreements be entered into as soon as possible and in any event within the Exclusivity Period.

The Directors consider that the Possible Subscriptions, if materialise, represents a good opportunity for the Group to obtain interim financing to support the Group's daily operations and will facilitate the Proposed Restructuring.

Progress of implementing the resumption plan

As set out in the Announcements, the JPLs were appointed and 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.

On 23 December 2019, the Company entered into the non-legally binding MOU with the Potential Investor in relation to the subscription of new shares and subscription of new bonds in the Company. As at the date of this announcement, the Potential Investor and its advisers and agents are currently in the process of conducting a review of the assets, indebtedness, operations and other aspect of the Group. It is expected that the Subscription Agreements will be entered into between the Company and the Potential Investor on or before 31 May 2020 (or such later date as the parties thereto may agree in writing).

According to the MOU, the aggregate subscription price payable for the Subscription Shares and the Bonds shall be applied by the Company as follows: (i) for settlement of professional fees in relation to the liquidation and restructuring of the Group; (ii) for settlement of outstanding debts of the Group; and (iii) the remaining balance as general working capital of the Group. The Company will then be able to engage the external auditors 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**”).

Business review

Based on the latest information available to the Board, the Group experienced a temporary substantial decrease in the sales of refined oil and trading of MTBE for the eight months ended 30 November 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.

The Strategic Cooperation Agreement

On 17 December 2019, Sun Fair, an indirect subsidiary of the Company, and Guangzhou Huaxiang entered into the Strategic Cooperation Agreement in relation to the Strategic Cooperation pursuant to which Sun Fair shall authorise Guangzhou Huaxiang and Guangzhou Huaxiang shall accept the authorisation to act as Sun Fair's sole agent to promote and sell its products and services on the online platform "520生活圈" ("520 Life Circle") owned by Guangzhou Huaxiang and other electronics market websites as designated by Guangzhou Huaxiang in all the provinces, cities and states in the PRC.

The Board believes that the Strategic Cooperation will, among others, allow the Group to tap into the online market in the PRC, increase its market competitiveness and enhance its returns.

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 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)
Zou Donghai
Chairman

Hong Kong, 30 December 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 and Mr. He Wen.

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.chinaoilganran.com and <http://chinaoilganran.todayir.com>.