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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).

References are 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, 23 December 2019, 30 December 2019, 10 January 2020, 24 January 2020, 30 January 2020, 16 February 2020, 25 February 2020, 3 March 2020, 6 March 2020, 9 March 2020, 2 April 2020, 9 April 2020, 14 May 2020, 18 May 2020, 21 May 2020, 22 May 2020, 30 June 2020, 2 July 2020, 21 July 2020, 4 August 2020, 14 August 2020, 17 August 2020, 31 August 2020, 17 September 2020 and 29 September 2020 in relation to, among other things, (i) the Hong Kong Petition; (ii) the delay in the publication of the 2019 Annual Results, the 2020 First Quarterly Results, the 2020 Interim Results, the 2020 Third Quarterly Results, the 2020 Annual Results and the 2021 First Quarterly Results; (iii) the delay in the despatch of the 2019 Annual Report, the 2020 First Quarterly Report, the 2020 Interim Report, the 2020 Third Quarterly Report, the 2020 Annual Report and the 2021 First Quarterly Report; (iv) the suspension of trading in the shares of the Company and the resumption conditions; (v) the Cayman Petition; (vi) the change of Directors; (vii) the MOU; (viii) the deconsolidation of subsidiaries of the Group; (ix) the 2019 Annual Results, the 2020 First Quarterly Results, the 2020 Interim Results, the 2020 Third Quarterly Results, the 2020 Annual Results and the 2021 First Quarterly Results; and (x) the 2019 Annual Report, the 2020 First Quarterly Report, the 2020 Interim Report, the 2020 Third Quarterly Report and the 2020 Annual Report. 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

Based on the resumption proposal (the “**Resumption Proposal**”) submitted by the Company to the Stock Exchange on 30 June 2020, the Proposed Restructuring will mainly involve (i) the Subscriptions (as defined below); (ii) the scheme of arrangement proposed to be made between the Company and the creditors (the “**Creditors**”) of the Company under Part 13 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the “**Hong Kong Scheme**”); and (iii) the scheme of arrangement proposed to be made between the Company and the Creditors pursuant to section 86 of the Companies Law Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the “**Cayman Islands Scheme**”, together with the Hong Kong Scheme, the “**Creditors’ Schemes**”).

Subscriptions

As set out in the Announcements, the Company proposes to enter into a subscription agreement (the “**Subscription Agreement**”) with Baineng, Richmax Investment (H.K.) Limited (“**Richmax Investment**”) and New Origins International Limited (“**New Origins**”, together with Baineng and Richmax Investment, the “**Investors**”) pursuant to which the Investors proposes to subscribe (the “**Subscriptions**”) and the Company proposes to allot and issue certain number of ordinary shares of the Company (the “**Subscription Shares**”) to the Investors. Following completion of the proposed Subscription, Baineng will become the controlling shareholder of the Company and part of the net proceeds from the Subscriptions will be utilised as general working capital of the Group.

As at the date of this announcement, the Company is still in the process of negotiations with the Investors in relation to the terms of the Subscription Agreement. Shareholders and potential investors should note that the Subscriptions will be conditional upon the Subscription Agreement having become unconditional in accordance with the terms thereof. The Company will provide an update on the Subscriptions as and when appropriate.

The Creditors’ Schemes

It is proposed that the Creditors’ Schemes will be implemented by making cash payment to the Creditors from the consideration to be received by the Company from the allotment and issue of the Subscription Shares, subject to validity of the claim of the Creditors.

Subject to the approval of the Creditors, shareholders, relevant regulatory and relevant courts, all the claims against, and liabilities of, the Company will be compromised and discharged in full upon the Creditors’ Schemes taking effect.

Updates on the fulfilment of the Resumption Conditions

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 all the conditions (the “**Resumption Conditions**”) set out in the Resumption Guidance, the Additional Resumption Guidance and the Further Resumption Guidance, details of which are as follows:

To publish all outstanding financial results required by the GEM Listing Rules and address any audit qualifications.

As at the date of this announcement, the Company has already published the 2019 Annual Results, the 2020 First Quarterly Results, the 2020 Interim Results, the 2020 Third Quarterly Results, the 2020 Annual Results and the 2021 First Quarterly Results as well as the 2019 Annual Report, the 2020 First Quarterly Report, the 2020 Interim Report, the 2020 Third Quarterly Report and the 2020 Annual Report. The 2021 First Quarterly Report is expected to be published by 15 October 2020.

The Company expects that all audit qualifications will be removed by the year ending 31 March 2022, subject to the successful completion of Proposed Restructuring, except for the audit qualifications relating to the opening balances and corresponding figures since there are certain disclaimers in the auditor’s report for the year ended 31 March 2021.

To inform the market of all material information for shareholders and investors to appraise its position.

The Company has been publishing quarterly updates announcements and other relevant announcements from time to time to keep the shareholders and potential investors of the Company informed of the latest developments of the Group with regards to, among others, the status of the Hong Kong Petition, the Cayman Islands Petition, the Proposed Restructuring and the business operations of the Group.

Demonstrate that the Company has in place adequate internal control systems to meet the obligations under the GEM Listing Rules.

In March 2020, the Company engaged an internal control consultant to perform an independent review on the internal control system of the Group, including risk management, corporate governance, financial recording and reporting procedures, investment procedures, treasury function, sales and receipts, purchase and payment, and human resources management.

As at the date of this announcement, the Company has implemented the recommendations from the said internal control consultant and rectified the relevant deficiencies in the Group's internal control system.

Demonstrate that the Directors 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.

The Board has appointed the following new Directors during the period from February to March 2020 to enhance the diversity and standard of competence of the Board:

- (i) Mr. Yeung Shing Wai was appointed as an executive Director and the Authorised Representative. He has over ten years of working experience in power and data cord industry and was previously an executive Director from November 2010 to December 2014;
- (ii) Mr. Li Shu Wang was appointed as an executive Director. He holds a Bachelor degree in chemical machinery from Hebei University of Technology and postgraduate degree in business management from American National University. He has extensive working experience in the petrochemical, construction, gas and energy industry;
- (iii) Mr. Zhang Shao Wu was appointed as an executive Director. He holds a Bachelor Degree in machinery manufacturing process and equipment from Zhengzhou University and an Executive Master of Business Administration from the Guanghua School of Management of Peking University. He has extensive working experience in the energy industry with a specialty in renewable energy utilization;
- (iv) Mr. Chen Tian Gang was appointed as an executive Director. He was an executive Director from November 2010 to July 2013 and the production manager of a subsidiary of the Group for over 15 years. He graduated from Fujian Agricultural and Forestry University, majoring in tea studies, and has over 20 years of working experience in the power and data cord industry;

- (v) Mr. Chu Kin Ming was appointed as an independent non-executive Director, each of the chairman of the Audit Committee and the Nomination Committee and a member of the Remuneration Committee. He holds a Bachelor of Arts degree in Accountancy from the Hong Kong Polytechnic University. He is a fellow member of The Association of Chartered Certified Accountants. He is also a member of The Hong Kong Institute of Certified Public Accountants, The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries. He has extensive experiences in the field of accounting and financial management;
- (vi) Mr. Chiam Tat Yiu was appointed as an independent non-executive Director, the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee. He holds a Bachelor of Business Administration in Accountancy from the Hong Kong University of Science and Technology. He is a fellow member of The Hong Kong Institute of Certified Public Accountants and a member of The Association of Chartered Certified Accountants. He is also a holder of the Chartered Financial Analyst designation awarded by the CFA Institute. He has extensive experiences in the field of accounting, risk management and corporate finance; and
- (vii) Mr. Chan Wai Cheung Admiral was appointed as an independent non-executive Director and a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee. He holds a Bachelor of Arts (Honours) in Accountancy from City University of Hong Kong. He is a member of the Hong Kong Institute of Certified Public Accountants and has extensive experience in the accounting and auditing fields.

As part of the Board revamp implemented by the Company, during the period from February to March 2020, each of the following former Directors, namely (i) Mr. Zou Donghai, the former chairman of the Board and executive Director; (ii) Dr. Zheng Jian Peng, a former executive Director, chief financial officer and company secretary; (iii) Mr. Qin Shihui, a former independent non-executive Director; and (iv) Mr. He Wen, a former independent non-executive Director, has resigned from the Board and resigned from all positions within the Group.

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.

It is expected that upon completion of the Proposed Restructuring, the winding up petition(s) (or order(s), if made) against the Company will be withdrawn or dismissed and the appointment of liquidators (provisional or not) will be discharged.

Demonstrate the Company's compliance with Rule 17.26 of the GEM Listing Rules

Pursuant to Rule 17.26 of the GEM Listing Rules, an issuer is required to carry out, directly or indirectly, a business with sufficient level of operations and assets of sufficient value to support its operations to warrant the continued listing of the issuer's securities.

As set out in the Announcements, Jiangxi China Oil, Zhoushan China Oil and Jilin China Oil, being subsidiaries of the Company, will be deconsolidated (the "**Deconsolidation**") from the Group effective from 1 January 2019 on the basis that the Books and Records for audit purpose were not obtainable. Notwithstanding the Deconsolidation, the Board considered that the Group will be able to comply with the requirements of Rule 17.26 of the GEM Listing Rules upon completion of the Proposed Restructuring given that the Group will continue its existing businesses, the net proceeds from the Subscription will provide necessary funding for the Group and the financial position of the Group will improve after the implementation of the Creditors' Schemes.

For the year ended 31 March 2020, the Group's Power and Data Cords Business recorded revenue of approximately HK\$63.9 million, representing an increase of approximately 10.6% as compared with the year ended 31 March 2019. Such increase in revenue was mainly driven by the increase in sales of the Power and Data Cords Business following the introduction of two new types of products in the fourth quarter during the year ended 31 March 2020. The Group's Power and Data Cords Business continued to record further growth for the three months ended 30 June 2020 (the "**Financial Period**"). The unaudited revenue for the Financial Period was approximately HK\$32.5 million, representing an increase of approximately 162% as compared with approximately HK\$12.4 million for the three months ended 30 June 2019 (the "**Comparative Period**"). It is expected that the Power and Data Cords Business and thereby the Group will continue to have a sufficient level of operations upon completion of the Proposed Restructuring.

Following completion of the proposed Subscription, part of the net proceeds from the Subscription will be utilised as general working capital of the Group, which will enable the Group to have sufficient financial resources to develop and expand its existing businesses. Upon implementation of the Creditors' Schemes, the indebtedness of the Group will also be substantially reduced and thus the Group's financial position will be restored to a normal and healthy position.

UPDATE ON BUSINESS OPERATIONS OF THE GROUP

The Group is principally engaged in the following businesses: (i) the Power and Data Cords Business; (ii) trading of refined oil and chemicals business (the "**Trading of Refined Oil and Chemicals Business**"); and (iii) trading of commodities (the "**Trading of Commodities Business**").

Business review

Power and Data Cords Business

The three key product groups for the 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, 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.

During the Financial Period, the Group's unaudited revenue from the power and data cords for mobile handsets increased by 227% to approximately HK\$14.7 million, as compared with approximately HK\$4.5 million for the Comparative Period. The increase in revenue during the Financial Period was due to, among others, the introduction of new products, namely headsets for adults and kids, since the fourth quarter of the year ended 31 March 2020.

During the Financial Period, the Group's unaudited revenue from medical control devices was approximately HK\$15.9 million, as compared with approximately HK\$5.6 million for the Comparative Period, representing a year-on-year increase of approximately 184%, which was due to, among others, the introduction of new products, namely hospital room control hub, since the fourth quarter of the year ended 31 March 2020.

During the Financial Period, the Group's unaudited revenue from power cords and inlet sockets for household electric appliances was approximately HK\$2 million, as compared with approximately HK\$2.2 million for the Comparative Period.

Trading of Refined Oil and Chemicals Business

Due to the Deconsolidation, the Trading of Refined Oil and Chemical Business did not record any revenue during the Financial Period. 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's estimated revenue and gross profit from this contract amount to approximately HK\$2.2 million and HK\$2.2 million respectively.

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. However, due to the outbreak of the COVID-19 pandemic, the said business plan has been delayed and is expected to commence in October 2020 instead. 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.

Trading of Commodities Business

The Trading of Commodities Business did not record any revenue during the Financial Period.

CONTINUED SUSPENSION OF TRADING

Trading in Shares has been suspended since 2 July 2019 pending the fulfilment of the Resumption Conditions. 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, 30 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.