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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

UPDATE ANNOUNCEMENT

Reference is made to the supplemental announcement dated 31 August 2018 (“**Supplemental Announcement**”) of China Oil Gangran Energy Group Holdings Limited (“**Company**”) in relation to (a) the final results announcement for the year ended 31 March 2018 of the Company (“**Announcement**”) which contains an audit disclaimer opinion on, among other things, the Renovation Contract entered into with Company A whereby Company A would procure shipping renovation services at six vessel locations and Subsidiary A made prepayment of RMB22,000,000; (b) the annual report for the financial year ended 31 March 2018 of the Company (“**Annual Report**”); and (c) the announcement dated 26 October 2018 in relation to the Renovation Contract, among other things. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement and the Annual Report.

As set out in the Supplemental Announcement under the sub-heading “*View of the Audit Committee*”, in relation to the disclaimers of opinion issued by the auditors, “*the Audit Committee states that:*

- (a) it notes the disclaimers of opinions:*
- (b) before the publication of the final results Announcement it had not been apprised of the details any of the matters referred to in the disclaimers of opinion and accordingly it was not in a position to comment on the same;*
- (c) as it only became aware of the disclaimers of opinion on or around 21 June 2018, it did not have the opportunity to critically review the major judgemental areas before the publication of the final results Announcement.....”*

In relation to paragraph (c) under the sub-heading “*View of the Audit Committee*” quoted above, the Board announces that:

- (a) the Audit Committee did not have the opportunity to critically review the major judgemental areas between 21 June 2018 and the publication of the final results announcement on 29 June 2018 because the documents containing the details of the matters referred to in the disclaimers of opinion were located in the PRC based subsidiaries of the Group and/or being procured by the PRC based subsidiaries and hence they could not be presented to the Audit Committee;
- (b) notwithstanding the above, from 21 to 29 June 2018, the Audit Committee did have discussions with management of the Company to gain a general understanding of the matters underlying the disclaimer opinion, the major judgemental areas and management’s proposals going forward before the publication of the final results announcement ended 31 March 2018; and
- (c) since the publication of the final results announcement on 29 June 2018, the Audit Committee:
 - (i) has had various discussions with the rest of the Board and reviewed certain information provided by the management further to which the Company issued the Supplemental Announcement which sets out various understandings and beliefs of the rest of the Board including those insofar as they relate to major judgemental areas and to removing the disclaimers of opinions for the financial year ending 31 March 2019; and
 - (ii) shares those understanding and beliefs set out in the Supplemental Announcement; and

In relation to the update announcements of the Company dated 5 September 2018, 26 October 2018 and 6 November 2018.

- (iii) has been apprised of the matters leading to the above update announcements, and having critically reviewed the same matters, does not believe that there has been any development which, as at the date of this announcement, will materially impact upon the reference to the removal of the related disclaimers in the Supplemental Announcement for the year ending 31 March 2019; and
- (iv) will continue to monitor the developments of the matters underlying the above update announcements and work with the Board to take the appropriate action and issue further update as and when appropriate.

- (d) the Board (including members of the Audit Committee) have discussed with the auditors to ensure that the audit plan for the upcoming audit of the financial statements for the year ending 31 March 2019 will have in place mechanism for monthly reporting to the Audit Committee of the progress and any special issues for consideration throughout the audit until the issue of the auditors' opinion.

In relation to the Renovation Contract, the Board announces that:

- (a) the Company has entered into an agreement dated 1 November 2018 with an independent third party whereby the independent third party will verify the progress of the shipping renovation related services performed under the Renovation Contract (“**Progress Verification Agreement**”);
- (b) based on the terms of the Progress Verification Agreement, it will take approximately 45 days to verify the progress of the shipping renovation related services performed at each vessel location;
- (c) accordingly, it is expected that by the end of March 2019, only the progress of the shipping renovation related services performed at three vessel locations, rather than all six vessel locations of the Group, will be verified; and
- (d) it is expected that (i) Company A will issue the relevant invoice promptly after the verification at one vessel location is completed, and accordingly (ii) by the end of March 2019, Company A will issue the relevant invoices for shipping service performed at three vessel locations.

The Board has confirmed with the Company's auditors that:

- (i) despite the expectation that the shipping renovation related services performed at only three vessel locations rather than all six vessel locations of the Group will be verified by the end of March 2019, and
- (ii) subject to the matters in (b) to (d) above having occurred to the auditors' satisfaction,

the auditors would have sufficient and appropriate audit evidence for assessing whether any accounting impact of the Renovation Contract for the year ending 31 March 2019 would be fairly stated, and subject to the results of such assessment, the relevant audit disclaimer would be removed.

By Order of the Board
China Oil Gangran Energy Group Holdings Limited
Zou Donghai
Chairman

Hong Kong, 22 November 2018

As at the date of this announcement, the executive Directors are Mr. Zou Donghai, Mr. Rong Changjun, Mr. Zhang Wenrong, Dr. Ho Chun Kit Gregory and Dr. Zheng Jian Peng; and the independent non-executive Director are Mr. Lau Sung Tat, Vincent and Mr. Tam Kim Fung.

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