

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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

(1) QUARTERLY UPDATE ON SUSPENSION OF TRADING; AND (2) DELAY IN PUBLICATION OF THE ANNUAL RESULTS AND DESPATCH OF THE ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2020

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, 23 December 2019, 30 December 2019, 10 January 2020, 24 January 2020, 30 January 2020, 6 March 2020, 9 April 2020, 14 May 2020, 18 May 2020, 21 May 2020 and 22 May 2020 in relation to, among other things, (i) the Hong Kong Petition; (ii) the delay in (a) the publication of the 2019 Annual Results, the 2020 First Quarterly Results and the 2020 Interim Results; and (b) the despatch of the 2019 Annual Report, the 2020 First Quarterly Report and the 2020 Interim Report; (iii) the suspension of trading in the shares of the Company, the Resumption Guidance, the Additional Resumption Guidance and the Further Resumption Guidance; (iv) the Cayman Petition; (v) the MOU entered into between the Company and Hong Lin in relation to the subscription of new shares and subscription of new bonds in the Company; (vi) the assignment and novation of all the rights, titles, benefits and interests in and under the MOU by Hong Lin to BAINENG Holdings Limited (“**Baineng**”); and (vii) the deconsolidation of subsidiaries of the Group. 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, the Additional Resumption Guidance and the Further Resumption Guidance. Details of updates on the status of the resumption plan of the Company are set out below:

Further Resumption Guidance

On 18 May 2020, the Company received a letter from the Stock Exchange in which the following Further Resumption Guidance was set out:

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

The Stock Exchange has indicated that it may modify the Resumption Guidance, the Additional Resumption Guidance and the Further Resumption Guidance and/or give further guidance if the Company's situation changes.

Updates on the Proposed Restructuring

The Subscription

The Company proposes to enter into a subscription agreement with Baineng, Richmax Investment (H.K.) Limited ("**Richmax**") and New Origins International Limited ("**New Origins**", together with Baineng and Richmax, the "**Investors**") pursuant to which the Investors will subscribe (the "**Subscription**") and the Company will allot and issue 1,140,059,454 ordinary shares of the Company (the "**Subscription Shares**") (as to 900,646,969 Subscription Shares for Baineng, 195,710,206 Subscription Shares for Richmax and 43,702,279 Subscription Shares for New Origins).

The principal terms of the Subscription are tentatively as follows:

Issue price

The Subscription Shares will be issued at the issue price of HK\$0.0351 per Share, which represents:

- (i) a discount of approximately 77.50% to the closing price of HK\$0.156 per Share as quoted on the Stock Exchange on 28 June 2019 (the "**Last Trading Day**"), being the last trading day of the Shares immediately prior to the suspension of trading in the Shares; and
- (ii) a discount of approximately 81.72% to the closing price of HK\$0.192 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day.

Number of Subscription Shares

When allotted and issued, 1,140,059,454 Subscription Shares will represent approximately:

- (i) 300% of the existing issued share capital of the Company as at the date of this announcement; and
- (ii) 75% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

Completion of the Subscription shall be conditional upon and subject to the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Subscription Shares.

Set out below is the shareholding structure of the Company as at the date of this announcement and upon completion of the Proposed Restructuring:

Shareholder	As at the date of this announcement		Upon completion of the Proposed Restructuring	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Baineng (<i>Note 1</i>)	—	—	900,646,969	59.250%
Richmax (<i>Note 2</i>)	—	—	195,710,206	12.875%
New Origins (<i>Note 3</i>)	—	—	43,702,279	2.875%
Public Shareholders	<u>380,019,818</u>	<u>100.000%</u>	<u>380,019,818</u>	<u>25.000%</u>
Total	<u><u>380,019,818</u></u>	<u><u>100.000%</u></u>	<u><u>1,520,079,272</u></u>	<u><u>100.000%</u></u>

Notes:

1. Baineng is a company incorporated in Hong Kong with limited liability and is owned as to 36% by Sun Jiusheng, 32% by Zhou Jing and 32% by Zhang Chao.
2. Richmax is a company incorporated in Hong Kong with limited liability and is owned as to 50% by Cheung Yuen Chau and 50% by David Chu.
3. New Origins is a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by To Sau Man.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, Baineng, Richmax, New Origins and their respective ultimate beneficial owner are Independent Third Parties.

Progress of implementing the resumption plan

On 30 June 2020, the Company has submitted the resumption proposal to the Stock Exchange. The Company will provide an update on the resumption plan 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 (the “**Power and Data Cords Business**”); (ii) the trading of mobile smart phones accessories; (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 (the “**LNG Business**”); (v) refined oil retail business (the “**Refined Oil Business**”); and (vi) trading of Methyl tert-butyl ether (the “**MTBE Business**”).

Business review

The Power and Data Cords Business

Based on the latest information available to the Board, the Group experienced a slight increase 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 year ended 31 March 2020 (“**FY2020**”) as compared with FY2019 due to an increase in demand for the two new products introduced by the Group during the year.

The LNG Business, the Refined Oil Business and the MTBE Business

During the course of the audit of the Group’s financial statements for FY2019, the Board became aware in recent months that the Group was unable to obtain the books and records and relevant supporting documents such as bank statements and vouchers (the “**Books and Records**”) from Jiangxi China Oil, Zhoushan China Oil and Jilin China Oil (collectively, the “**Subsidiaries**”). The Books and Records were at all material time maintained and controlled by Jiangxi China Oil given that Zhoushan China Oil is a wholly owned subsidiary of Jiangxi China Oil and Jilin China Oil was in the process of voluntary winding-up. The Group had requested the Subsidiaries to provide necessary assistance in relation to the audit and the preparation of the Group’s management accounts. Despite repeated demands and requests from the

Company, the Subsidiaries did not respond to the Company's requests and have failed to provide the Books and Records to the Company. As such, the Company is not able to prepare the consolidated financial statements of the Group for FY2019 involving the financial information of the Subsidiaries.

In light of the above, the Company has engaged the PRC Legal Advisers to investigate and prepare the Due Diligence Report on Jiangxi China Oil. Based on the findings in the Due Diligence Report, it was noted, among others, that there were no signs of business activity of Jiangxi China Oil at its registered business address. Notwithstanding that the following actions being taken, including field trips, telephone enquiries and searches on the internet, the PRC Legal Advisers opined that they were unclear whether Jiangxi China Oil had relocated its office and/or whether the business of Jiangxi China Oil was still in operation. Based on the findings in the Due Diligence Report and after careful consideration, the Board was of the view that the Company no longer has: (a) power over the Subsidiaries; (b) exposure, or rights, to variable returns from its involvement with the Subsidiaries; or (c) the ability to use its power over the Subsidiaries to affect the amount of the Company's returns. Due to the above reasons, the Directors considered that the Group was unable to exercise its rights as the sole shareholder either to control the assets and operations of the Subsidiaries or to exercise the decision-making rights over the Subsidiaries. As such, the Directors further considered that it is inappropriate to consolidate the financial results of the Subsidiaries into the Group. Therefore, the Subsidiaries will be deconsolidated effective from the last quarter of FY2019, that is from 1 January 2019 (the "**Deconsolidation**"), on the basis that the Books and Records for audit purpose were not obtainable.

The Subsidiaries are engaged in the Group's trading of refined oil and chemicals business. Jiangxi China Oil and Zhoushan China Oil accounted for over 80% of the Group's total revenue for FY2018 and over 40% of the Group's total assets as at 31 March 2018. On the other hand, Jilin China Oil had already ceased its business operations and most of its assets had been transferred to Jiangxi China Oil following the voluntary winding-up. As such, Jilin China Oil did not record any revenue for FY2019 and FY2020. The Deconsolidation would result in a deconsolidation of assets, liabilities and certain reserves in the financial statements of the Subsidiaries, which would lead to a substantial loss to the Group. As such, the Board expects that the Deconsolidation would have a significant impact on the financial statements of the Group for FY2019. Despite the above financial impact on the Group, the Directors are of the opinion that the Group will have sufficient working capital to carry out its businesses. Based on the preliminary discussions with the Company's auditors, HLM CPA Limited ("**HLM**"), there is a reasonable likelihood that the consolidated financial statements of the Group for FY2019 will be qualified in respect of the financial results of the Subsidiaries and the net assets of the Subsidiaries attributable to the Group will be considered written off. As at the date of this announcement, the Company is in the course of quantifying the financial impacts of the Deconsolidation on the Group with the assistance of HLM.

DELAY IN PUBLICATION OF THE ANNUAL RESULTS AND DESPATCH OF THE ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2020

The Company announces that as the publication of the 2019 Annual Results, the 2020 First Quarterly Results, the 2020 Interim Results and the 2020 Third Quarterly Results were still pending, the Company was unable to publish the announcement of its annual results (the “**2020 Annual Results**”) and despatch its annual report (the “**2020 Annual Report**”) each for the year ended 31 March 2020 within the timeframe required under the GEM Listing Rules, i.e. 30 June 2020.

As set out in the Company’s announcement dated 18 June 2020, a meeting of the Board will be held on Thursday, 2 July 2020, for the purpose of, among other matters, considering and approving the 2019 Annual Results. The Company will publish further announcement to inform the Shareholders and potential investors in relation to (i) the publication of the 2020 First Quarterly Results, the 2020 Interim Results, the 2020 Third Quarterly Results and the 2020 Annual Results; and (ii) the despatch of the 2019 Annual Report, the 2020 First Quarterly Report, the 2020 Interim Report, the 2020 Third Quarterly Report and the 2020 Annual Report, in due course.

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, the Additional Resumption Guidance and the Further 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)
Yeung Shing Wai
Executive Director

Hong Kong, 30 June 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.chinaoilgran.com and <http://chinaoilgran.todayir.com>.