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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

- (1) SUBSCRIPTION OF NEW SHARES
UNDER SPECIFIC MANDATE;**
- (2) SUBSCRIPTION OF CONVERTIBLE BONDS
UNDER SPECIFIC MANDATE;**
- (3) CREDITORS' SCHEMES;**
- (4) APPLICATION FOR WHITEWASH WAIVER; AND**
- (5) SPECIAL DEAL**

SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE

On 23 December 2020 (after trading hours of the Stock Exchange), the Company entered into the Subscription Agreement with the Subscribers pursuant to which the Company has conditionally agreed to allot and issue, and the Subscribers have conditionally agreed to subscribe for, 1,140,059,454 Subscription Shares at the Subscription Price of HK\$0.0307693 per Subscription Share.

The total number of 1,140,059,454 Subscription Shares to be allotted and issued under the Subscriptions represent (i) 300% of the 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 (assuming that there is no change in the issued share capital of the Company from the date of this announcement and up to Completion other than as a result of the Subscriptions). The Subscription Shares will be allotted and issued under the Specific Mandate to be sought for approval from the Independent Shareholders at the EGM.

The gross proceeds from the Subscriptions are expected to be approximately HK\$35.1 million. The Company is expected to receive net proceeds of approximately HK\$20 million from the Subscriptions after the set off of each of the Non-Refundable Deposit and the Outstanding Debt as well as deduction of the relevant expenses incidental to the Subscriptions. The Company intends to apply the net proceeds in full from the Subscriptions of approximately HK\$20 million for the settlement to be made to the Creditors under the Creditors' Schemes.

SUBSCRIPTION OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE

On 23 December 2020 (after trading hours of the Stock Exchange), the Company entered into the CB Subscription Agreement with the Subscribers pursuant to which the Company has conditionally agreed to issue, and the Subscribers have conditionally agreed to subscribe for, the Convertible Bonds in the aggregate principal amount of approximately HK\$4.9 million. The Convertible Bonds shall not bear any interest.

Pursuant to the Mandatory Conversion Mechanism, any part or all of the principal amount of the Convertible Bonds shall be automatically converted into Conversion Shares at the Conversion Price of HK\$0.0307693 per Share (subject to adjustments) during the Conversion Period upon the exercise of any Outstanding Share Options under the Share Option Scheme according to the following Formula (as defined below):

$$\text{Number of Conversion Shares} = 3 \times N \times \text{Number of Shares issued upon the exercise of the Outstanding Share Options pursuant to the Share Option Scheme}$$

where $N = 79.00\%$ for the First Subscriber,

$N = 17.17\%$ for the Second Subscriber; and

$N = 3.83\%$ for the Third Subscriber.

The number of Conversion Shares shall be rounded down to nearest integral.

The maturity of the Convertible Bonds shall fall on 16 March 2025, being the latest maturity date of the Outstanding Share Options. In the event that the Convertible Bonds are not fully converted by the Maturity Date, the outstanding principal amount of the Convertible Bonds will forthwith be cancelled on the Maturity Date.

The maximum number of Conversion Shares of 159,939,150 Shares represent (i) approximately 42.09% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 9.23% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares and the Conversion Shares, assuming new Shares have been allotted and issued pursuant to the full exercise of all Outstanding Share Options. The Conversion Shares will be allotted and issued pursuant to the Specific Mandate to be sought for approval from the Independent shareholders at the EGM.

The gross proceeds from the CB Subscriptions are expected to be approximately HK\$4.9 million. The Company is expected to receive net proceeds of approximately HK\$4.7 million from the CB Subscriptions after deduction of the relevant expenses incidental to the CB Subscriptions. The Company intends to apply the net proceeds in full from the CB Subscriptions of approximately HK\$4.7 million as restructuring costs and general working capital of the Group.

CREDITORS' SCHEMES

It is proposed that the Creditors' Schemes will be implemented by making cash payment of approximately HK\$20 million 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 regulators 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.

IMPLICATIONS UNDER THE TAKEOVERS CODE

Application for Whitewash Waiver

As at the date of this announcement, the First Subscriber and parties acting in concert with it did not hold, own, control or have direction over any Shares, outstanding options, warrants or any securities that are convertible into Shares or any derivatives in respect of the securities in the Company, or hold any relevant securities in the Company.

Assuming there is no other change in the number of issued Shares from the date of this announcement up to and including the date of Completion, the First Subscriber and parties acting in concert with it will hold 1,140,059,454 Shares upon Completion, representing 75% of the issued capital of the Company as enlarged by the Subscription Shares. As such, the First Subscriber would be required to make a mandatory general offer for all the issued Shares not already owned or agreed to be acquired by the First Subscriber and parties acting in concert with it under Rule 26.1 of the Takeovers Code, unless a waiver from strict compliance with Rule 26.1 of the Takeovers Code is granted by the Executive.

An application will be made by the First Subscriber to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval of the Independent Shareholders at the EGM by way of poll. Under the Takeovers Code, the resolution(s) in relation to the Whitewash Waiver shall be approved by at least 75% of the independent votes that are casted either in person or by proxy by the Independent Shareholders at the EGM by way of poll, and the Subscriptions, the CB Subscriptions, the Specific Mandate, the Creditors' Schemes, the Special Deal and the transactions contemplated thereunder would be subject to, among others, the approval by more than 50% of the Independent Shareholders at the EGM by way of poll. The Executive may or may not grant the Whitewash Waiver. As it is a condition precedent to the completion of the Subscriptions that the Whitewash Waiver is granted by the Executive, the Subscriptions will not proceed if the Whitewash Waiver is not granted by the Executive.

Special Deal

Based on the records currently available to the JPLs, the Company is indebted to Mr. Zou Donghai and Dr. Zheng Jian Peng, each being a Creditor and a former executive Director, for an aggregate amount of approximately HK\$5.04 million. Mr. Zou Donghai and Dr. Zheng Jian Peng are the beneficial owners of in aggregate 37,640,000 Shares, representing approximately 9.9% of the issued share capital of the Company, as at the date of this announcement.

As the proposed settlement of the indebtedness due to the Creditors who are Shareholders under the Creditors' Schemes is not extended to all the other Shareholders, the implementation of the Creditors' Schemes constitutes a special deal under Rule 25 of the Takeovers Code and therefore requires (i) consent by the Executive; (ii) the Independent Financial Adviser to publicly state in its opinion that the terms of the Creditors' Schemes are fair and reasonable; and (iii) approval by the Independent Shareholders at the EGM, in which the Creditors and their associates and parties acting in concert with any of them who are Shareholders will be required to abstain from voting on the relevant resolutions approving the Creditors' Schemes and the Special Deal. The Company will apply to the Executive for the consent to the Special Deal under Rule 25 of the Takeovers Code.

GENERAL

An Independent Board Committee, comprising all independent non-executive Directors in compliance with Rule 2.8 of the Takeovers Code, will be established to advise the Independent Shareholders as to whether the terms of the Subscriptions, the CB Subscriptions, the Specific Mandate, the Creditors' Schemes, the Whitewash Waiver and the Special Deal are fair and reasonable as well as in the interests of the Company and the Independent Shareholders as a whole, and to advise the Independent Shareholders on how to vote, taking into account the recommendations of the Independent Financial Adviser.

An Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Subscriptions, the CB Subscriptions, the Specific Mandate, the Creditors' Schemes, the Whitewash Waiver and the Special Deal are fair and reasonable and to advise the Independent Shareholders on how to vote.

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Subscriptions, the CB Subscriptions, the Specific Mandate, the Creditors' Schemes, the Whitewash Waiver, the Special Deal and the transactions contemplated thereunder. The following persons shall abstain from voting on the resolutions to approve the Subscriptions, the CB Subscriptions, the Specific Mandate, the Creditors' Schemes, the Whitewash Waiver and the Special Deal: (i) the Creditors (including Mr. Zou Donghai and Dr. Zheng Jian Peng, each being a former executive Director), their close associates and parties acting in concert with any one of them; (ii) the Subscribers, their close associates and parties acting in concert with them; (iii) those who are involved in or interested in the Subscription Agreement, the CB Subscription Agreement, the Whitewash Waiver and/or the Special Deal; and (iv) those who are required to abstain from voting under the Takeovers Code and the GEM Listing Rules.

A circular including, among other things, details of (i) the Subscriptions, the CB Subscriptions, the Specific Mandate, the Creditors' Schemes, the Whitewash Waiver and the Special Deal; (ii) the recommendation of the Independent Board Committee in relation to the Subscriptions, the CB Subscription, the Specific Mandate, the Creditors' Schemes, the Whitewash Waiver and the Special Deal; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Subscriptions, the CB Subscriptions, the Specific Mandate, the Creditors' Schemes, the Whitewash Waiver and the Special Deal; and (iv) a notice convening the EGM will be despatched to the Shareholders as soon as practicable in compliance with Rule 8.2 of the Takeovers Code and the GEM Listing Rules.

CONTINUED SUSPENSION OF TRADING IN THE SHARES

Trading in Shares has been suspended since 2 July 2019 pending the fulfillment of all the resumption conditions by the Company. The Company is working closely with its professional advisers towards the Resumption as soon as possible.

The publication of this announcement does not indicate any decision or conclusion from the Stock Exchange nor warrant any approval from the Stock Exchange on the Resumption given that the Resumption is subject to the fulfillment of other resumption conditions. Shareholders and potential investors should note that the Proposed Restructuring are subject to various conditions which may or may not be fulfilled. Therefore, such transactions may or may not materialise and the Resumption may or may not proceed.

Reference is made to the announcement of the Company dated 30 September 2020 in relation to, among others, the quarterly update on suspension of trading in the Shares. As set out in the said announcement, the Resumption Plan was submitted to the Stock Exchange on 30 June 2020. Based on the Resumption Plan, the Company will undertake the Proposed Restructuring involving, among others, (i) the Subscriptions; (ii) the CB Subscriptions; and (iii) the Creditors' Schemes.

On 23 December 2020 (after trading hours of the Stock Exchange), the Company entered into the Subscription Agreement with the Subscribers pursuant to which the Company has conditionally agreed to allot and issue, and the Subscribers have conditionally agreed to subscribe for, 1,140,059,454 Subscription Shares at the Subscription Price of HK\$0.0307693 per Subscription Share. Set out below are the principal terms of the Subscription Agreement.

SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE

The Subscription Agreement

Date:	23 December 2020
Issuer:	The Company
First Subscriber:	BAINENG Holdings Limited
Second Subscriber:	Richmax Investment (H.K.) Limited
Third Subscriber:	New Origins International Limited

The First Subscriber is a company incorporated in Hong Kong with limited liability and is principally engaged in investment holding. It is beneficially owned as to 36% by Mr. Sun Jiusheng, 32% by Ms. Zhou Jing and 32% by Mr. Zhang Chao.

Mr. Sun Jiusheng, aged 28, graduated from the People's Public Security University of China with a bachelor's degree in law. Mr. Sun has over five years of experience in the energy industry. He is currently the chairman of each of 北京博睿新航科技有限公司(Beijing Borui Xinhang Technology Company Limited*) and 天津若水能源科技有限公司 (Tianjin Ruoshui Energy Technology Company Limited*).

Ms. Zhou Jing, aged 35, graduated from the School of Foreign Studies at Chang' An University with a bachelor's degree in English studies. She has over six years of experience in the gaming industry. She is currently the general manager of 長沙鑰藏文化傳媒有限公司 (Changsha Yaozang Culture Media Company Limited*).

Mr. Zhang Chao, aged 39, graduated from Yanshan University with a Master of Business Administration degree. He has over 15 years of experience in the electric power and energy industry. Mr. Zhang was previously employed by 北京大唐聯合電力科技有限公司 (Beijing Datang United Power Technology Company Limited*) from January 2005 to December 2017 with his last position as general manager. He was the chairman of 正信科技有限公司 (Zhengxin Technology Company Limited*) from January 2020 to November 2020.

The Second Subscriber is a company incorporated in Hong Kong with limited liability and is principally engaged in investment holding. It is beneficially owned as to 40% by Mr. Cheung Yuen Chau, 46.67% by Mr. David Chu, 6.67% by Ms. Tsang Siu Lan and 6.66% by Ms. Ip Tsang Katherine Man Tung. Ms. Tsang Siu Lan is the spouse of Mr. David Chu.

The Third Subscriber is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding. It is beneficially wholly-owned by Ms. To Sau Man.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) the Subscribers and their respective ultimate beneficial owners are Independent Third Parties; and (ii) immediately prior to entering into of the Subscription Agreement, none of the Subscribers nor their respective ultimate beneficial owners had any interests in the Shares.

Subscription Shares

Pursuant to the Subscription Agreement, the Company has conditionally agreed to allot and issue, and the Subscribers have conditionally agreed to subscribe for, 1,140,059,454 Subscription Shares (as to 900,646,969 Subscription Shares by the First Subscriber, 195,710,206 Subscription Shares by the Second Subscriber and 43,702,279 Subscription Shares by the Third Subscriber).

Subject to the requirement that not less than 25% of the enlarged issued share capital of the Company shall be held by public Shareholders upon completion of the Subscriptions, in the event that the Second Subscriber and/or the Third Subscriber does not subscribe any or all of the Second Subscription Shares and/or Third Subscription Shares pursuant to the Subscription Agreement, the First Subscriber shall be entitled, but not obliged, to take up all or part of the Unsubscribed Shares at the Subscription Price on the Completion Date in place of the Second Subscriber and/or the Third Subscriber (as the case may be) as if it was the original signing party to the Subscription Agreement as the Second Subscriber and/or the Third Subscriber (as the case may be).

The total number of 1,140,059,454 Subscription Shares (of an aggregate nominal value of approximately HK\$4,560,238) to be allotted and issued under the Subscriptions represents (i) 300% of the 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 (assuming that there is no change in the issued share capital of the Company from the date of this announcement and up to Completion other than as a result of the Subscriptions).

The Subscriptions will be subject to the Independent Shareholders' approval. The EGM will be convened and held for the purposes of considering of, and if thought fit, approving, among other things, the Subscriptions and the Specific Mandate to issue Shares.

Ranking of the Subscription Shares

The Subscription Shares, when allotted and issued, will rank equally in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Subscription Shares.

Subscription Price

The Subscription Price of HK\$0.0307693 per Subscription Share represents:

- (a) a discount of approximately 80.28% to the closing price of HK\$0.156 per Share as quoted on the Stock Exchange on the date of the Last Trading Day; and

- (b) a discount of approximately 83.97% to the average closing price of approximately 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.

The Company had an unaudited consolidated net liabilities per Share of approximately HK\$0.26 as at 30 September 2020 (based on the latest published unaudited consolidated net liabilities of the Group attributable to the Shareholders of approximately HK\$99,391,000 and 380,019,818 Shares in issue as at 30 September 2020).

The net Subscription Price, after deduction of relevant expenses of approximately HK\$0.6 million, is estimated to be approximately HK\$0.0302 per Subscription Share.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscribers with reference to the prevailing financial position of the Group and the amount of funds required to be raised by the Company for the Resumption Plan. Taking into account the above, the Directors (excluding the independent non-executive Directors) consider that the Subscription Price and the terms of the Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Payment of the consideration for the Subscription Shares

The First Consideration

The First Consideration for the First Subscription Shares shall be HK\$27,712,277, which shall be satisfied by the First Subscriber in the following manner:

- (a) firstly, as to HK\$5,000,000, by way of application and set-off of the Non-Refundable Deposit in the amount of HK\$5,000,000 received by the Company pursuant to the MOU;
- (b) secondly, as to an amount equivalent to the Outstanding Debt (which as at the date of this announcement, amounted to approximately HK\$4,787,000), by way of the application and set-off of the Outstanding Debt on dollar-for-dollar basis pursuant to the Deed of Set-Off against and towards the payment of the First Consideration for such amount equal to the Outstanding Debt on the Completion Date; and
- (c) finally, the balance of the First Consideration shall be payable by the First Subscriber (or its nominee) to the Company by way of cash on the Completion Date.

The Second Consideration

The Second Consideration for the Second Subscription Shares shall be HK\$6,021,866, which shall be payable by the Second Subscriber (or its nominee) to the Company in cash on the Completion Date.

The Third Consideration

The Third Consideration for the Third Subscription Shares shall be HK\$1,344,689, which shall be payable by the Third Subscriber (or its nominee) to the Company in cash on the Completion Date.

Conditions precedent

Completion is conditional upon the fulfillment or satisfaction of the following conditions:

- (a) the Subscribers being reasonably satisfied with the results of the due diligence review of the assets, liabilities, operations and affairs of the Group to be conducted;
- (b) all necessary consents, licences and approvals required to be obtained on the part of the Company (including (i) the passing of the necessary resolution(s) by the Independent Shareholders at the EGM; and (ii) the passing of the necessary resolution(s) by the Board) in respect of the Subscription Agreement and the transactions contemplated thereunder having been obtained and remain in full force and effect;
- (c) all necessary consents, licences and approvals required to be obtained on the part of the Subscribers (including the passing of the necessary resolution(s) by the board of directors of each of the Subscribers) in respect of the Subscription Agreement and the transactions contemplated thereunder having been obtained and remain in full force and effect;
- (d) the representations and warranties given by the Company remaining true, accurate and complete in all respects;
- (e) the passing of the necessary resolution(s) by the Independent Shareholders at the EGM to approve, among others, (i) the Subscription Agreement; (ii) the granting of the Specific Mandate; (iii) the Creditors' Schemes; (iii) the Whitewash Waiver; and (iv) the Special Deal;

- (f) the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of and permission to deal in all of the Subscription Shares, and such permission not having been subsequently revoked or withdrawn;
- (g) the Resumption Plan having been submitted to the Stock Exchange and the Company having satisfied all resumption conditions;
- (h) the meetings of the Creditors having approved the Hong Kong Scheme and the Cayman Islands Scheme;
- (i) the sanction from the High Court of Hong Kong on the Hong Kong Scheme having been obtained;
- (j) the sanction from the Cayman Islands Court on the Cayman Islands Scheme having been obtained;
- (k) the conditions precedent to the implementation of the Creditors' Schemes having been fulfilled or waived (as the case may be) (save for the condition that the Subscription Agreement having become unconditional);
- (l) the Executive or his delegate granting the Whitewash Waiver to the First Subscriber and the satisfaction of all conditions (if any) attached to the Whitewash Waiver granted;
- (m) the consent of the Executive in relation to the Creditors' Schemes and the transactions contemplated thereunder as a "special deal" under Rule 25 of the Takeovers Code having been obtained and not revoked prior to Completion;
- (n) all winding up petition(s) against the Company having been unconditionally withdrawn or dismissed and the JPLs having been discharged; and
- (o) the CB Subscription Agreement having become unconditional (other than the condition for the Subscription Agreement to become unconditional).

Save as disclosed above, the Company and the Subscribers are not aware of any other consent, licence or approval that is required to be obtained under conditions (b) and (c) above.

Any Subscriber may at any time waive by notice in writing to the Company the conditions (a) and (d) above. Save for conditions (a) and (d) above, none of the conditions above are capable of being waived. In the event the conditions above are not fulfilled (or as the case may be, waived) by 30 June 2021 or such later date as the Company and the Subscribers may agree in writing, all rights, obligations and liabilities of the Company and the Subscribers in relation to the Subscriptions shall

cease and determine and none of the parties thereto shall have any claim against the others in respect of the Subscriptions save for any antecedent breach and/or any rights or obligations which may have accrued under the Subscription Agreement prior to such termination.

As at the date of this announcement, none of the above conditions had been fulfilled or satisfied.

Company's undertaking

Pursuant to the Subscription Agreement, the Company undertakes to each of the Subscribers that save for the Subscriptions, it shall not or shall not agree to issue any further convertibles, options, warrants or derivative in howsoever nature which will have the effect on any alteration in the capital structure of the Company from the date of the Subscription Agreement (whether under the Share Option Scheme or otherwise) up to the Completion Date without the prior written consent from all of the Subscribers.

Completion

Subject to the conditions specified in the Subscription Agreement being fulfilled or waived (as the case may be), Completion shall take place contemporaneously with CB Completion in accordance with the terms of the CB Subscription Agreement at the office of the Company (or such other place as may be agreed between the Company and the Subscribers) at 4:00 p.m. on the Completion Date.

Application for listing

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

SUBSCRIPTION OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE

The CB Subscription Agreement

Date:	23 December 2020
Issuer:	The Company
First Subscriber:	BAINENG Holdings Limited
Second Subscriber:	Richmax Investment (H.K.) Limited
Third Subscriber:	New Origins International Limited

Subscription of Convertible Bonds

Pursuant to the CB Subscription Agreement, the Company has conditionally agreed to issue, and the Subscribers have conditionally agreed to subscribe for, the Convertible Bonds in the aggregate principal amount of HK\$4,921,216 (as to HK\$3,887,760.64 to the First Subscriber, HK\$844,808.75 to the Second Subscriber and HK\$188,646.61 to the Third Subscriber).

In the event that the Second Subscriber and/or the Third Subscriber does not subscribe any or all of the principal amount of Convertible Bonds that they are entitled to (the “**Unsubscribed Bonds**”) pursuant to the CB Subscription Agreement, the First Subscriber shall be entitled, but not obliged, to take up all or part of the Unsubscribed Bonds on the Completion Date in place of the Second Subscriber and/or the Third Subscriber (as the case may be) as if it was the original signing party to the CB Subscription Agreement as the Second Subscriber and/or the Third Subscriber (as the case may be).

At the CB Completion, the Subscribers shall pay the Company or as the Company may direct the CB Subscription Price in the aggregate amount of HK\$4,921,216 (as to HK\$3,887,760.64 to the First Subscriber, HK\$844,808.75 to the Second Subscriber and HK\$188,646.61 to the Third Subscriber) in the manner as to be agreed by the Company and the Subscribers.

Principal terms of the Convertible Bonds

Principal amount:	HK\$4,921,216
Interest rate:	The Convertible Bonds shall not bear any interest.
Maturity date:	Unless previously converted and cancelled, any outstanding principal amount of the Convertible Bonds shall be cancelled on 16 March 2025 (or, if that is not a Business Day, the first Business Day thereafter).
Redemption:	The Company shall not have any obligation to redeem or pay to the Subscribers the principal amount of the Convertible Bonds.
Ranking:	The Convertible Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of the Company and shall at all times rank pari passu and without any preference among themselves.

Conversion:	Any part or all of the principal amount of the Convertible Bonds shall be automatically converted into Conversion Shares at the Conversion Price of HK\$0.0307693 per Share (subject to adjustments) during the Conversion Period upon the exercise of any Outstanding Share Options under the Share Option Scheme according to the Formula (as defined below).
Conversion Period:	The period commencing from the date of issue of the Convertible Bonds and ending on the Maturity Date. (if such date is not a Business Day, the Business Day immediately preceding this date.)
Conversion Price:	The Conversion Price is initially HK\$0.0307693 per Conversion Share, subject to adjustment as set out below.
Conversion restrictions:	(i) any conversion of the Convertible Bonds shall not trigger a mandatory offer obligation under Rule 26 of the Takeovers Code; and (ii) the public float of the Shares shall not be less than 25% (or any given percentage as required by the GEM Listing Rules for the minimum percentage of Shares being held by the public as per Rule 11.23(7) of the GEM Listing Rules) of the issued Shares of the Company at the time in compliance with the GEM Listing Rules.
Voting:	The Subscribers shall not be entitled to attend or vote at any general meetings of the Shareholders by reason only it being the holders of the Convertible Bonds.
Transfer:	The Convertible Bonds shall not be assigned or transferred, in whole or in part, to any person.
Adjustment events:	The Conversion Price shall from time to time be subject to adjustment upon occurrence of certain events: <ul style="list-style-type: none"> (i) consolidation or subdivision of the Shares; (ii) capitalisation of profits or reserves; (iii) capital distribution;

- (iv) offer of Shares for subscription by way of rights, or a grant of options or warrants to subscribe for Shares, at a price which is less than the market price per Share to the Shareholders;
- (v) issue wholly for cash any securities which by their terms are convertible into or exchangeable for or carry rights of subscription for new Shares, and the total effective consideration per Share receivable is equal to or less than the Conversion Price;
- (vi) issue wholly for cash any Shares at a price per Share which is equal to or less than the Conversion Price; and
- (vii) issue Shares for the acquisition of asset at a total effective consideration per Share which is equal to or less than the Conversion Price.

Automatic conversion of the Convertible Bonds

Pursuant to the Mandatory Conversion Mechanism, any part or all of the principal amount of the Convertible Bonds shall be automatically converted into Conversion Shares at the Conversion Price of HK\$0.0307693 per Share (subject to adjustments) during the Conversion Period upon the exercise of any Outstanding Share Options under the Share Option Scheme according to the following Formula (the “**Formula**”):

$$\text{Number of Conversion Shares} = 3 \times N \times \text{Number of Shares issued upon the exercise of the Outstanding Share Options pursuant to the Share Option Scheme}$$

where N = 79.00% for the First Subscriber,

N = 17.17% for the Second Subscriber; and

N = 3.83% for the Third Subscriber.

The number of Conversion Shares shall be rounded down to nearest integral.

Maturity Date

The Maturity Date of the Convertible Bonds shall fall on 16 March 2025, being the latest maturity date of the Outstanding Share Options. In the event that the

Convertible Bonds are not fully converted by the Maturity Date, the outstanding principal amount of the Convertible Bonds will forthwith be cancelled on the Maturity Date.

Number of Conversion Shares

Based on the initial CB Conversion Price of HK\$0.0307693 per Conversion Share, a maximum number of 159,939,150 Conversion Shares (as to 126,351,929 Conversion Shares by the First Subscriber, 27,456,220 Conversion Shares by the Second Subscriber and 6,131,001 Conversion Shares by the Third Subscriber) will be allotted and issued under the Mandatory Conversion Mechanism, which represent: (i) approximately 42.09% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 9.23% of the issued share capital of the Company as to be enlarged by the allotment and issue of the Subscription Shares and the Conversion Shares, assuming new Shares have been allotted and issued pursuant to the full exercise of all Outstanding Share Options.

Ranking of Conversion Shares

The Conversion Shares will rank pari passu in all respects with the Shares in issue as at the date of allotment and issue of the Conversion Shares.

Conversion Price

The Conversion Price is initially HK\$0.0307693 per Conversion Share, subject to adjustment.

The initial Conversion Price represents:

- (i) a discount of approximately 80.28% to the closing price of HK\$0.156 per Share as quoted on the Stock Exchange on the date of the Last Trading Day; and
- (ii) a discount of approximately 83.97% to the average closing price of approximately 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.

The net Conversion Price, after deduction of relevant expenses, is approximately HK\$0.0295 per Conversion Share. The Conversion Price was arrived at after arm's length negotiations between the Company and the Subscribers with reference to the Subscription Price. The aggregate nominal value of the Conversion Shares under the CB Subscriptions is approximately HK\$639,757. In view of the above, the Directors (excluding the independent non-executive Directors) consider that the Conversion Price and the terms of the CB Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Mandate to issue the Conversion Shares

The Conversion Shares will be allotted and issued pursuant to the Specific Mandate to be sought from the Independent Shareholders at the EGM.

Conditions precedent

The CB Completion is conditional upon the fulfillment or satisfaction of the following conditions:

- (a) the passing of the necessary resolution(s) by the Independent Shareholders at the EGM to approve, among others, (i) the CB Subscription Agreement and the transactions contemplated thereunder; and (ii) the granting of the Specific Mandate;
- (b) the Listing Committee of the Stock Exchange having granted the listing of and permission to deal in the Conversion Shares;
- (c) the representations and warranties remaining true, accurate and complete in all material respects;
- (d) all necessary consents and approvals required to be obtained on the part of the Company (including (i) the passing of the necessary resolution(s) by the Independent Shareholders at the EGM; and (ii) the passing of the necessary resolution(s) by the Board) in respect of the CB Subscription Agreement and the transactions contemplated thereunder having been obtained;
- (e) all necessary consents and approvals required to be obtained on the part of the Subscribers (including the passing of the necessary resolution(s) by the board of directors of each of the Subscribers) in respect of the CB Subscription Agreement and the transactions contemplated thereunder having been obtained; and
- (f) the Subscription Agreement having become unconditional (other than the condition for the CB Subscription Agreement to become unconditional).

Save as disclosed above, the Company and the Subscribers are not aware of any other consent, licence or approval that is required to be obtained under conditions (d) and (e) above.

Any Subscriber may at any time by notice in writing to the Company waive the conditions (c) above in respect of its subscription of the Convertible Bonds. Save for condition (c) above, none of the conditions above are capable of being waived by either the Company or the Subscribers. In the event the conditions above are not fulfilled (or as the case may be, waived) by the 30 June 2021 or such later date as the Company and the Subscribers may agree in writing, all rights, obligations and liabilities of the Company and the Subscribers in relation to the CB Subscriptions shall cease and determine and none of the parties thereto shall have any claim against the others in respect of the CB Subscriptions save for any antecedent breach and/or any rights or obligations which may have accrued under the CB Subscription Agreement prior to such termination.

As at the date of this announcement, none of the above conditions had been fulfilled or satisfied.

CB Completion

Subject to the conditions specified in the CB Subscription Agreement being fulfilled or waived (as the case may be), CB Completion shall take place contemporaneously with Completion in accordance with the terms of the Subscription Agreement at the office of the Company (or such other place as may be agreed between the Company and the Subscribers) at 4:00 p.m. on the CB Completion Date.

Application for listing

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares. No application will be made for listing of, or permission to deal in, the Convertible Bonds on the Stock Exchange or any other stock exchange.

REASONS FOR THE SUBSCRIPTIONS AND CB SUBSCRIPTIONS AND USE OF PROCEEDS

The Company is an investment holding company and the Group is principally engaged in the following businesses: (i) power and data cords business; (ii) trading of refined oil and chemicals business; and (iii) trading of commodities.

As set out in the Announcements, having duly and carefully considered the then 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, on 22 October 2019 (Cayman Islands time), the Company had filed at the Grand Court of the Cayman

Islands a winding up petition under section 94 of the Companies Law. The Subscriptions form a vital part of the Resumption Plan as it provides the Company with the necessary financing to resolve the debts of the Company by the implementation of the Creditors' Schemes.

The Subscribers were interested in the Subscriptions and the CB Subscriptions given that they considered the power and data cords business of the Group to be promising. Upon completion of the Subscriptions, the CB Subscriptions and the Creditors' Schemes, it is expected that all the claims against, and liabilities of, the Company will be compromised and discharged in full and the Company will have the financial resources to develop the businesses of the Group.

The gross proceeds from the Subscriptions are expected to be approximately HK\$35.1 million. The Company is expected to receive net proceeds of approximately HK\$20 million from the Subscriptions after the set off of each of the Non-Refundable Deposit and the Outstanding Debt as well as deduction of the relevant expenses incidental to the Subscriptions. The Company intends to apply the net proceeds in full from the Subscriptions of approximately HK\$20 million for the settlement to be made to the Creditors under the Creditors' Schemes.

As at the date of this announcement, the Company has 53,313,050 Outstanding Share Options granted pursuant to the Share Option Scheme, which are convertible into a maximum of 53,313,050 Shares. Based on the commercial terms agreed between the Company and the Subscribers, the Subscribers shall hold an aggregate of 75% of the enlarged share capital of the Company immediately after Completion. In order to ensure that the Subscribers' shareholding in the Company will not be diluted by the number of Shares issued upon the exercise of the Outstanding Share Options pursuant to the Share Option Scheme, the Company and the Subscribers have agreed to enter into the CB Subscription Agreement for anti-dilution purpose.

The gross proceeds from the CB Subscriptions are expected to be approximately HK\$4.9 million. The Company is expected to receive net proceeds of approximately HK\$4.7 million from the CB Subscriptions after deduction of the relevant expenses incidental to the CB Subscriptions. The Company intends to apply the net proceeds in full from the CB Subscriptions of approximately HK\$4.7 million as restructuring costs and general working capital of the Group.

In view of the above, the Directors (excluding the independent non-executive Directors) consider that the Subscription Agreement and the CB Subscription Agreement were entered into upon normal commercial terms following arm's length negotiations between the Company and the Subscribers and that the terms of the Subscription Agreement and the CB Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

EFFECT OF THE SHAREHOLDING STRUCTURE OF THE COMPANY

The table below illustrates the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after Completion, assuming that there are no other changes in the share capital of the Company from the date of this announcement up to Completion other than the issue of the Subscription Shares; and (iii) immediately after Completion and conversion of the Convertible Bonds (subject to the public float requirement) in full (assuming there is no change in the issued share capital of the Company other than the issue of the Subscription Shares, Conversion Shares and the full exercise of the Outstanding Share Options under the Share Option Scheme).

Shareholders	As at the date of this announcement		Immediately after Completion (assuming there is no change in the issued share capital of the Company other than the issue of the Subscription Shares)		Immediately after Completion and conversion of the Conversion Bonds (subject to the public float requirement) in full (assuming there is no change in the issued share capital of the Company other than the issue of all the Subscription Shares and the Conversion Shares as well as the full exercise of the Outstanding Share Options under the Share Option Scheme) (Note 7)	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
First Subscriber (Note 1)	—	—	900,646,969	59.25%	996,978,898	58.81%
Second Subscriber (Note 2)	—	—	195,710,206	12.88%	216,643,093	12.78%
Third Subscriber (Note 3)	—	—	43,702,279	2.87%	48,376,613	2.85%
First Subscriber and parties acting in concert with it						
Mr. Rong Changjun (Note 4)	—	—	1,140,059,454	75.00%	1,261,998,604	74.44%
Mr. Yuan Beisheng (Note 5)	—	—	—	—	3,000,000	0.18%
Mr. Zhang Wenrong (Note 6)	—	—	—	—	3,000,000	0.18%
Public Shareholders	380,019,818	100.00%	380,019,818	25.00%	423,832,868	25.00%
Total	380,019,818	100.00%	1,520,079,272	100.00%	1,695,331,472	100.00%

Notes:

- The First Subscriber is a company incorporated in Hong Kong with limited liability and is beneficially owned as to 36% by Mr. Sun Jiusheng, 32% by Ms. Zhou Jing and 32% by Mr. Zhang Chao. Under the SFO, each of Mr. Sun Jiusheng, Ms. Zhou Jing and Mr. Zhang Chao is deemed to be interested in all the Shares held by the First Subscriber.

2. The Second Subscriber is a company incorporated in Hong Kong with limited liability and is beneficially owned as to 40% by Mr. Cheung Yuen Chau, 46.67% by Mr. David Chu, 6.67% by Ms. Tsang Siu Lan and 6.66% by Ms. Ip Tsang Katherine Man Tung. Ms. Tsang Siu Lan is the spouse of Mr. David Chu. Under the SFO, each of Mr. Cheung Yuen Chau, Mr. David Chu, Ms. Tsang Siu Lan and Ms. Ip Tsang Katherine Man Tung is deemed to be interested in all the Shares held by the Second Subscriber.
3. The Third Subscriber is a company incorporated in the British Virgin Islands with limited liability and is beneficially wholly-owned by Ms. To Sau Man. Under the SFO, Ms. To Sau Man is deemed to be interested in all the Shares held by the Third Subscriber.
4. Mr. Rong Changjun is an executive Director.
5. Mr. Yuan Beisheng is an executive Director.
6. Mr. Zhang Wenrong is an executive Director.
7. Based on the initial CB Conversion Price of HK\$0.0307693 per Conversion Share, a maximum number of 159,939,150 Conversion Shares (as to 126,351,929 Conversion Shares by the First Subscriber, 27,456,220 Conversion Shares by the Second Subscriber and 6,131,001 Conversion Shares by the Third Subscriber) will be allotted and issued under the Mandatory Conversion Mechanism. In order to maintain the public float of the Shares to be not less than 25% of the issued Shares of the Company, the Company will only be able to allot and issue a maximum number of 121,939,150 Conversion Shares (as to 96,331,929 Conversion Shares by the First Subscriber, 20,932,887 Conversion Shares by the Second Subscriber and 4,674,334 Conversion Shares by the Third Subscriber).

THE CREDITORS' SCHEMES

It is proposed that the Creditors' Schemes will be implemented by making cash payment of approximately HK\$20 million 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 regulators 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. The Company will provide an update on the Creditors' Schemes as and when appropriate.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company had not conducted any equity fund raising activities involving the issue of its equity securities in the 12 months immediately preceding the date of this announcement.

INFORMATION REQUIRED UNDER THE TAKEOVERS CODE

The Subscribers and their respective ultimate beneficial owners have confirmed that none of the Subscribers, their respective ultimate beneficial owners nor any person acting in concert with any one of them:

- (a) save for the Shares as set out in the section headed “Effect of shareholding structure of the Company”, owns, controls or has direction over any Shares and right over Shares, outstanding share options, warrants, or any securities that are convertible into Shares or any derivatives in respect of securities in the Company, or hold any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (b) will make any acquisitions or disposals of voting rights in the Company in the period between the date of this announcement and Completion;
- (c) owns or has control or direction over any voting rights or rights over the Shares or any outstanding options, warrants, or any securities that are convertible into Shares or any derivatives in respect of Shares nor has entered into any outstanding derivative in respect of securities in the Company;
- (d) has any arrangement referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) with any other persons in relation to the relevant securities of the Company or of the Subscribers which might be material to the Subscriptions, the CB Subscriptions, the Specific Mandate, the Creditors’ Schemes, the Whitewash Waiver or the Special Deal;
- (e) other than the consideration payable under the Subscription Agreement and the CB Subscription Agreement, has paid or will pay any other consideration, compensations or benefits in whatever form to the Company or any parties acting in concert with it in relation to the Subscription Shares and the Conversion Shares;
- (f) has received any irrevocable commitment from any Independent Shareholders as to whether they will vote for or against the resolution approving the Subscriptions, the CB Subscriptions, the Specific Mandate, the Creditors’ Schemes, the Whitewash Waiver and/or the Special Deal;
- (g) save for the Subscription Agreement and the CB Subscription Agreement, has any agreements or arrangements to which it is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the transactions contemplated under the Subscription Agreement and the CB Subscription Agreement, the Creditors’ Schemes, the Whitewash Waiver and/or the Special Deal); and

(h) has borrowed or lent any relevant securities in the Company.

As at the date of this announcement:

- (a) save for the Special Deal, there is no understanding, agreement or arrangement in the nature of a special deal (as defined under Rule 25 of the Takeovers Code) between any of the Subscribers, their ultimate beneficial owners and parties acting in concert with any one of them on the one hand and the Company and any party acting in concert with it on the other hand;
- (b) save for the Special Deal, there is no understanding, agreement or arrangement in the nature of a special deal (as defined under Rule 25 of the Takeovers Code) between (i) any Shareholder, and (ii) any of the Subscribers, their ultimate beneficial owners and parties acting in concert with any one of them; or the Company, its subsidiaries or associated companies; and
- (c) the Company believes that the Subscriptions, the CB Subscriptions, the Specific Mandate, the Creditors' Schemes, the Special Deal and the transactions contemplated thereunder and the Whitewash Waiver would not give rise to any concerns in relation to compliance with other applicable rules or regulations (including the GEM Listing Rules). If a concern should arise after the release of this announcement, the Company will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as possible but in any event before the despatch of the whitewash circular. The Company notes that the Executive may not grant the Whitewash Waiver if the Subscriptions, the CB Subscriptions, the Specific Mandate, the Creditors' Schemes, the Special Deal and the transactions contemplated thereunder do not comply with other applicable rules and regulations.

IMPLICATIONS UNDER THE TAKEOVERS CODE

Application for Whitewash Waiver

As at the date of this announcement, the First Subscriber and parties acting in concert with it did not hold, own, control or have direction over any Shares, outstanding options, warrants or any securities that are convertible into Shares or any derivatives in respect of the securities in the Company, or hold any relevant securities in the Company.

Assuming there is no other change in the number of issued Shares from the date of this announcement up to and including the date of Completion, the First Subscriber and parties acting concert with it will hold 1,140,059,454 Shares upon Completion, representing 75% of the issued capital of the Company as enlarged by the Subscription Shares. As such, the First Subscriber would be required to make a mandatory general offer for all the issued Shares not already owned or agreed to be acquired by the First Subscriber and parties acting in concert with it under Rule 26.1 of the Takeovers Code, unless a waiver from strict compliance with Rule 26.1 of the Takeovers Code is granted by the Executive.

An application will be made by the First Subscriber to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval of the Independent Shareholders at the EGM by way of poll. Under the Takeovers Code, the resolution(s) in relation to the Whitewash Waiver shall be approved by at least 75% of the independent votes that are casted either in person or by proxy by the Independent Shareholders at the EGM by way of poll, and the Subscriptions, the granting of the Specific Mandate, the Creditors' Schemes, the Special Deal and the transactions contemplated thereunder would be subject to, among others, the approval by more than 50% of the Independent Shareholders at the EGM by way of poll. The Executive may or may not grant the Whitewash Waiver. As it is a condition precedent to the Completion that the Whitewash Waiver is granted by the Executive, the Subscriptions will not proceed if the Whitewash Waiver is not granted by the Executive.

The Special Deal

It is proposed that the Creditors' Schemes will be implemented as detailed in this announcement. Based on the records currently available to the JPLs, the Company is indebted to Mr. Zou Donghai and Dr. Zheng Jian Peng, each being a Creditor and a former executive Director, for an aggregate amount of approximately HK\$5.04 million. Mr. Zou Donghai and Dr. Zheng Jian Peng are the beneficial owners of in aggregate 37,640,000 Shares, representing approximately 9.9% of the issued share capital of the Company, as at the date of this announcement.

As the proposed settlement of the indebtedness due to the Creditors who are Shareholders under the Creditors' Schemes is not extended to all the other Shareholders, the implementation of the Creditors' Schemes constitutes a special deal under Rule 25 of the Takeovers Code and therefore requires (i) consent by the Executive; (ii) the Independent Financial Adviser to publicly state in its opinion that the terms of the Creditors' Schemes are fair and reasonable; and (iii) approval by the Independent Shareholders at the EGM, in which the Creditors and their associates

and parties acting in concert with any of them who are Shareholders will be required to abstain from voting on the relevant resolutions approving the Creditors' Schemes and the Special Deal. The Company will apply to the Executive for the consent to the Special Deal under Rule 25 of the Takeovers Code.

GENERAL

An Independent Board Committee, comprising all independent non-executive Directors in compliance with Rule 2.8 of the Takeovers Code, will be established to advise the Independent Shareholders as to whether the terms of the Subscriptions, the CB Subscriptions, the Specific Mandate, the Creditors' Schemes, the Whitewash Waiver and the Special Deal are fair and reasonable as well as in the interests of the Company and the Independent Shareholders as a whole, and to advise the Independent Shareholders on how to vote, taking into account the recommendations of the Independent Financial Adviser.

An Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Subscriptions, the CB Subscriptions, the Specific Mandate, the Creditors' Schemes, the Whitewash Waiver and the Special Deal are fair and reasonable and to advise the Independent Shareholders on how to vote.

The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve the Subscriptions, the CB Subscriptions, the granting of the Specific Mandate, the Creditors' Schemes, the Whitewash Waiver, the Special Deal and the transactions contemplated thereunder. The following persons shall abstain from voting on the resolutions to approve the Subscriptions, the CB Subscriptions, the Specific Mandate, the Creditors' Schemes, the Whitewash Waiver and the Special Deal: (i) the Creditors (including Mr. Zou Donghai and Dr. Zheng Jian Peng, each being a former executive Director), their close associates and parties acting in concert with any one of them; (ii) the Subscribers, their close associates and parties acting in concert with them; (iii) those who are involved in or interested in the Subscription Agreement, the CB Subscriptions Agreement, the Whitewash Waiver and/or the Special Deal; and (iv) those who are required to abstain from voting under the Takeovers Code and the GEM Listing Rules.

A circular including, among other things, details of (i) the Subscriptions, the CB Subscriptions, the Specific Mandate, the Creditors' Schemes, the Whitewash Waiver and the Special Deal; (ii) the recommendation of the Independent Board Committee in relation to the Subscriptions, the CB Subscriptions, the Specific Mandate, the Creditors' Schemes, the Whitewash Waiver and the Special Deal; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Subscriptions, the CB

Subscriptions, the Specific Mandate, the Creditors' Schemes, the Whitewash Waiver and the Special Deal; and (iv) a notice convening the EGM will be despatched to the Shareholders as soon as practicable in compliance with Rule 8.2 of the Takeovers Code and the GEM Listing Rules.

CONTINUED SUSPENSION OF TRADING IN THE SHARES

Trading in Shares has been suspended since 2 July 2019 pending the fulfillment of all the resumption conditions by the Company. The Company is working closely with its professional advisers towards the Resumption as soon as possible.

The publication of this announcement does not indicate any decision or conclusion from the Stock Exchange nor warrant any approval from the Stock Exchange on the Resumption given that the Resumption is subject to the fulfillment of other resumption conditions. Shareholders and potential investors should note that the Proposed Restructuring are subject to various conditions which may or may not be fulfilled. Therefore, such transactions may or may not materialise and the Resumption may or may not proceed.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“acting in concert”	has the meaning ascribed thereto in the Takeovers Code
“Board”	the board of Directors
“Business Day(s)”	any day (excluding Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for business throughout their normal business hours
“Cayman Islands Court”	the Grand Court of the Cayman Islands
“Cayman Islands Scheme”	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
“CB Completion”	the completion of the CB Subscriptions pursuant to the CB Subscription Agreement

“CB Completion Date”	the date falling on the third Business Day after the date of fulfillment (or waiver) of all the conditions set out in the CB Subscription Agreement (or such later date as may be agreed in writing between the parties thereof)
“CB Subscription Price”	the subscription price in the aggregate amount of HK\$4,921,216 (as to HK\$3,887,760.64 to the First Subscriber, HK\$844,808.75 to the Second Subscriber and HK\$188,646.61 to the Third Subscriber) for the subscription of the Convertible Bonds
“CB Subscriptions”	collectively, the First CB Subscription, the Second CB Subscription and the Third CB Subscription
“CB Subscription Agreement”	the subscription agreement dated 23 December 2020 and entered into between the Company and Subscribers in respect of the CB Subscriptions
“close associate(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Company”	China Oil Gangran Energy Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose issued Shares are listed on GEM
“Completion”	the completion of the Subscriptions pursuant to the Subscription Agreement
“Completion Date”	the date falling on the third Business Day after the date of fulfillment (or waiver) of all the conditions set out in the Subscription Agreement (or such later date as may be agreed in writing between the parties thereof)
“connected persons”	has the meaning ascribed to it under the GEM Listing Rules
“Convertible Bonds”	the convertible bonds in the aggregate principal amount of HK\$4,921,216 to be issued by the Company to the Subscribers pursuant to the CB Subscription Agreement

“Conversion Period”	the period commencing from the date of issue of the Convertible Bonds and ending on the Maturity Date (if such date is not a Business Day, the Business Day immediately preceding this date)
“Conversion Price”	the initial conversion price of HK\$0.0307693 per Conversion Share (subject to adjustment)
“Conversion Shares”	the new Shares to be allotted and issued under the Mandatory Conversion Mechanism
“Creditor(s)”	means the creditor(s) of the Company under the Creditors’ Schemes
“Creditors’ Schemes”	collectively, the Hong Kong Scheme and the Cayman Islands Scheme
“Deed of Assignment and Novation”	the deed of assignment and novation dated 6 March 2020 and entered into between Hong Lin Investments, the First Subscriber, Xu Tianduo and the Company in relation to the assignment and novation of the MOU
“Deed of Set-off”	a deed of set-off to be executed by the Company and the First Subscriber, confirming that part of the consideration for the First Subscription Shares has been set-off in full against the Outstanding Debt
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held to consider and approve, among other things, the Subscriptions, the CB Subscriptions, the granting of the Specific Mandate, the Creditors’ Schemes, the Whitewash Waiver and the Special Deal
“Executive”	the Executive Director of the Corporate Finance Department of the SFC from time to time or any delegate of the Executive Director
“First CB Subscription”	the subscription of the convertible bonds for an aggregate principal amount of HK\$3,887,760.64 to be issued by the Company to the First Subscriber pursuant to the CB Subscription Agreement

“First Consideration”	the total consideration payable by the First Subscriber to the Company for subscription of the First Subscription Shares
“First Loan Agreement”	the loan agreement dated 17 July 2020 (as amended by the Supplemental Loan Agreements) and entered into between the Company as borrower and the First Subscriber as lender pursuant to which the First Subscriber agreed to grant a loan facility of up to HK\$4,500,000 to the Company at the interest rate of 18% per annum
“First Subscriber”	BAINENG Holdings Limited, a company incorporated in Hong Kong with limited liability
“First Subscription”	the subscription of the First Subscription Shares by the First Subscriber pursuant to the Subscription Agreement
“First Subscription Shares”	900,646,969 new Shares to be allotted and issued by the Company to the First Subscriber under the First Subscription
“Group”	the Company and its subsidiaries
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Scheme”	the proposed scheme of arrangement for the Company to be made between the Company and the Creditors under Part 13 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Hong Lin Investments”	Hong Lin Investments L.P., an exempted limited partnership registered in the Cayman Islands, whose ultimate beneficial owner is Xu Tianduo (徐天鐸)

“Independent Board Committee”	an independent board committee of the Company, comprising all independent non-executive Directors, which will be established by the Board for the purpose of advising the Independent Shareholders on the Subscriptions, the CB Subscriptions, the Specific Mandate, the Creditors’ Schemes, the Whitewash Waiver, the Special Deal and as to voting
“Independent Financial Adviser”	the independent financial adviser to be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the Subscriptions, the Specific Mandate, the Creditors’ Schemes, the CB Subscriptions, the Whitewash Waiver, the Special Deal and as to voting
“Independent Shareholders”	Shareholders other than (i) the Creditors (including Mr. Zou Donghai and Dr. Zheng Jian Peng, each being a former executive Director), their close associates and parties acting in concert with any one of them, (ii) the Subscribers, their close associates and parties acting in concert with them; (iii) those who are involved in or interested in the Subscription Agreement, the CB Subscription Agreement, the Whitewash Waiver and/or the Special Deal; and (iv) those who are required to abstain from voting under the Takeovers Code and the GEM Listing Rules
“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons
“JPLs”	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, the joint provisional liquidators of the Company as ordered by the Cayman Islands Court on 5 November 2019
“Last Trading Day”	28 June 2019, the last trading date before the suspension of trading in the Shares

“Listing Committee”	the Listing Committee of the Stock Exchange
“Loan Agreements”	collectively, the First Loan Agreement and the Second Loan Agreement
“Mandatory Conversion Mechanism”	the automatic conversion of any part or all of the principal amount of the Convertible Bonds into Conversion Shares during the Conversion Period upon the exercise of any Outstanding Share Options under the Share Option Scheme according to the Formula for anti-dilution purpose
“Maturity Date”	16 March 2025 (or, if that is not a Business Day, the first Business Day thereafter), being the maturity date of the Convertible Bonds
“MOU”	the non-legally binding memorandum of understanding dated 23 December 2019 and entered into between the Company and Hong Lin Investments in relation to, among other, the possible subscription of certain new shares of the Company, such MOU being subsequently assigned and novated to the First Subscriber pursuant to the Deed of Assignment and Novation
“Non-Refundable Deposit”	the non-refundable deposit in the amount of HK\$5,000,000 in cash received by the Company pursuant to the MOU
“Outstanding Debt”	all obligations, liabilities and debts owing or incurred by the Company to the First Subscriber on or at any time prior to the Completion (including but not limited to (i) the outstanding principal of the loan of HK\$4,500,000 together with interest under the First Loan Agreement as at the date of this announcement; and (ii) the loan facility in the principal amount of up to HK\$5,000,000 together with interest under the Second Loan Agreement (assuming the said loan facility is fully drawn down prior to the Completion). As at the date of this announcement, the Outstanding Debt amounted to approximately HK\$4,787,000

“Outstanding Share Options”	53,313,050 outstanding share options as at the date of this announcement granted by the Company pursuant to the Share Option Scheme
“Proposed Restructuring”	the proposed capital / debt restructuring of the Group, which under current structure involving, among other things, the Subscriptions, the CB Subscriptions and the Creditors’ Schemes
“Resumption”	the resumption of trading in the Shares on GEM
“Resumption Plan”	the resumption plan dated 30 June 2020 submitted by the Company to the Stock Exchange, as varied and amended from time to time
“Second CB Subscription”	the subscription of the convertible bonds for an aggregate principal amount of HK\$844,808.75 to be issued by the Company to the Second Subscriber pursuant to the CB Subscription Agreement
“Second Consideration”	the total consideration payable by the Second Subscriber to the Company for subscription of the Second Subscription Shares
“Second Loan Agreement”	the loan agreement dated 23 December 2020 and entered into between the Company as borrower and the First Subscriber as lender pursuant to which the First Subscriber agreed to grant an uncommitted loan facility in the principal amount of up to HK\$5,000,000 in favour of the Company
“Second Subscriber”	Richmax Investment (H.K.) Limited, a company incorporated in Hong Kong with limited liability
“Second Subscription”	the subscription of the Second Subscription Shares by the Second Subscriber pursuant to the Subscription Agreement
“Second Subscription Shares”	195,710,206 new Shares to be allotted and issued by the Company to the Second Subscriber under the Second Subscription
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

“Share Option Scheme”	the share option scheme adopted by the Company on 27 April 2011
“Share(s)”	ordinary share(s) of HK\$0.004 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Special Deal”	means the proposed settlement under the Creditors’ Schemes of the indebtedness due to such Creditors who are also Shareholders, which will constitute a special deal under Note 5 to Rule 25 of the Takeovers Code
“Specific Mandate”	the specific mandate to be granted by the Shareholders to the Board at the EGM for the allotment and issue of the Subscription Shares and the Conversion Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	collectively, the First Subscriber, the Second Subscriber and the Third Subscriber
“Subscriptions”	collectively, the First Subscription, the Second Subscription and the Third Subscription
“Subscription Agreement”	the subscription agreement dated 23 December 2020 and entered into between the Company and Subscribers in respect of the Subscriptions
“Subscription Price”	the consideration of HK\$0.0307693 per Subscription Share for the subscription of the Subscription Shares
“Subscription Shares”	collectively, the First Subscription Shares, the Second Subscription Shares and the Third Subscription Shares
“Supplemental Loan Agreements”	the supplemental loan agreements dated 30 September 2020 and 23 December 2020 and entered into between the Company and the First Subscriber to supplement the First Loan Agreement in relation to the extension of the final repayment date of the loan from 30 September 2020 to 30 June 2021
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers

“Third CB Subscription”	the subscription of the convertible bonds for an aggregate principal amount of HK\$188,646.61 to be issued by the Company to the Third Subscriber pursuant to the CB Subscription Agreement
“Third Consideration”	the total consideration payable by the Third Subscriber to the Company for subscription of the Third Subscription Shares
“Third Subscriber”	New Origins International Limited, a company incorporated in the British Virgin Islands with limited liability
“Third Subscription”	the subscription of the Third Subscription Shares by the Third Subscriber pursuant to the Subscription Agreement
“Third Subscription Shares”	43,702,279 new Shares to be allotted and issued by the Company to the Third Subscriber under the Third Subscription
“Unsubscribed Shares”	the Second Subscription Shares and the Third Subscription Shares that are not subscribed by the Second Subscriber and the Third Subscriber respectively
“Whitewash Waiver”	a waiver pursuant to Note 1 on Dispensations from Rule 26 of the Takeovers Code to be granted by the Executive in respect of the obligations of the First Subscriber to make a mandatory general offer to the Shareholders in respect of all the Shares and the securities of the Company not already owned or agreed to be acquired by it and parties acting in concert with it as a result of its subscription of the First Subscription Shares under the Subscription Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“%”

per cent.

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, 23 December 2020

As at the date of this announcement, the executive Directors are Mr. Rong Changjun (duties suspended), Mr. Zhang Wenrong, Mr. Yuan Beisheng, 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, Mr. Chan Wai Cheung Admiral and Mr. Cha Ho Wa.

The Directors jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

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.

** For identification purpose only.*