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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

### MEMORANDUM OF UNDERSTANDING IN RELATION TO (1) THE POSSIBLE SUBSCRIPTION OF NEW SHARES; AND (2) THE POSSIBLE SUBSCRIPTION OF BONDS

This announcement is made by the Company pursuant to Rule 17.10 of the GEM Listing Rules and Part XIVA of the SFO.

#### **THE MOU**

On 23 December 2019 (after trading hours of the Stock Exchange), the Company and the Potential Investor entered into the non-legally binding MOU pursuant to which (i) the Potential Investor has agreed to subscribe and the Company has agreed to allot and issue the Subscription Shares; and (ii) the Potential Investor has agreed to subscribe and the Company has agreed to issue the Bonds.

**The Board wishes to emphasise that the MOU is not legally binding and the Possible Subscriptions may or may not proceed. If the Possible Subscriptions materialise, it may constitute a notifiable transaction on the part of the Company pursuant to the GEM Listing Rules. Shareholders and investors of the Company are urged to exercise caution when dealing in the Shares. Further announcement in respect of the Possible Subscriptions will be made by the Company as and when appropriate in compliance with the GEM Listing Rules.**

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## **THE MOU**

Date: 23 December 2019 (after trading hours of the Stock Exchange)

Parties: (1) China Oil Gangran Energy Group Holdings Limited, as the issuer; and  
(2) Hong Lin Investments L.P., as the potential investor.

As at the date of this announcement, (i) the Potential Investor is beneficially owned as to 50% by Hong Lin Limited and 50% by Xu Tianduo (徐天鐸); and (ii) Hong Lin Limited is a company incorporated in the British Virgin Islands with limited liability and beneficially owned as to 55% by Xu Tianduo (徐天鐸), 15% by Huang Zhaohui (黃朝暉), 15% by Lei Xiongpeng (雷雄鵬) and 15% by Ye Zujian (葉祖劍).

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Potential Investor and its ultimate beneficial owners are Independent Third Parties.

## **Subscription of the Subscription Shares and the Bonds**

Pursuant to the MOU, the Potential Investor shall invest the aggregate sum of HK\$40,000,000 in the Company, of which HK\$30,000,000 shall be by way of subscription of the Subscription Shares and the remaining HK\$10,000,000 shall be by way of subscription of the Bonds.

The Potential Investor shall subscribe for the Subscription Shares and the Company shall allot and issue the Subscription Shares at completion of the Possible Subscription of Shares.

The Potential Investor shall subscribe for the Bonds and the Company shall issue the Bonds at completion of the Possible Subscription of Bonds.

The Company shall not be obliged to issue the Subscription Shares and the Bonds unless the subscription of the Subscription Shares and the subscription of the Bonds are completed simultaneously.

### **Subscription price of the Subscription Shares and the Bonds**

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

The aggregate subscription price payable for the Subscription Shares and the Bonds shall be applied by the Company as follows: (i) for settlement of professional fees in relation to the liquidation and restructuring of the Group; (ii) for settlement of outstanding debts of the Group; and (iii) the remaining balance as general working capital of the Group.

In consideration of the Company entering into the MOU, the Potential Investor has already paid to the Company the Non-Refundable Deposit in the sum of HK\$5,000,000 in cash.

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

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

### **Subscription Agreements**

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

## **Due diligence**

The Potential Investor shall and shall procure that its advisers and agents shall, forthwith upon the signing of the MOU, conduct such review of the assets, indebtedness, operations and other aspect of the Group as it may consider appropriate during the Exclusivity Period. The Company shall provide and procure the Group and its agents to provide such assistance as the Potential Investor and its advisers and agents may require in connection with such review.

## **Exclusivity**

The Company shall not, and shall procure that the Group and its directors, officers, employees, representatives and agents will not, directly or indirectly, during the Exclusivity Period, (i) solicit, initiate or encourage inquiries or offers from, or (ii) initiate or continue negotiations or discussions with or furnish any information to, or (iii) enter into any agreement or statement of intent or understanding with, any person or entity other than the Potential Investor with respect to (a) the Possible Subscription of Shares or the sale, subscription, or allotment of any part thereof or any other Shares; or (b) the Possible Subscription of the Bonds or the sale, subscription, or issue of any part thereof or any other bonds. If the Company receives any such inquiry or offer, the Company will promptly notify the Potential Investor.

## **Non-legally binding effect**

Save for the provisions relating to, among others, the Non-Refundable Deposit, the Exclusivity Period, confidentiality, costs and expenses and governing laws contained in the MOU, the MOU is not legally binding or enforceable.

## **Reasons for and benefits of the Possible Subscriptions**

The Group is principally engaged in the following businesses: (i) the manufacture and sale of power cords and inlet sockets for household electric appliances as well as power and data cords for mobile phones and medical control devices; (ii) the trading of mobile smart phones; (iii) the development of digital applications, including handheld electronic game consoles, mobile game applications, digital marketing solutions; (iv) the liquefied natural gas, compressed natural gas and other related clean energy businesses; (v) refined oil retail business; and (vi) trading of Methyl tert-butyl ether.

As set out in the announcement of the Company dated 29 October 2019, 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, the Company had on 22 October 2019 (Cayman Islands time) filed at the Grand Court of the Cayman Islands a winding up petition under section 94 of the Companies Law.

The Directors consider that the Possible Subscriptions, if materialise, represents a good opportunity for the Group to obtain interim financing to support the Group's daily operations and will facilitate the Proposed Restructuring. The Directors are of the view that the terms of the MOU are fair and reasonable and the Possible Subscriptions are in the interests of the Company and the Shareholders as a whole.

**The Board wishes to emphasise that the MOU is not legally binding and the Possible Subscriptions may or may not proceed. If the Possible Subscriptions materialise, it may constitute a notifiable transaction on the part of the Company pursuant to the GEM Listing Rules. Shareholders and investors of the Company are urged to exercise caution when dealing in the Shares. Further announcement in respect of the Possible Subscriptions will be made by the Company as and when appropriate in compliance with the GEM Listing Rules.**

## DEFINITIONS

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

“Board”	the board of Directors
“Bonds”	the bonds which may or may not be issued by the Company to the Potential Investor pursuant to the MOU
“Company”	China Oil Gangran Energy Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM of the Stock Exchange (stock code: 8132)
“Companies Law”	the Companies Law (2018 Revision) of the Cayman Islands
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules

“Director(s)”	director(s) of the Company
“Exclusivity Period”	the period from the date of the MOU up to 31 May 2020 (or such later date as the Company and the Potential Investor may agree in writing)
“First Subscription Agreement”	a legally binding formal agreement which may or may not be entered between the Company and the Potential Investor in relation to the Possible Subscription of Shares
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any person(s) or company(ies) 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
”MOU”	the non-legally binding memorandum of understanding dated 23 December 2019 and entered into between the Company and the Potential Investor in relation to the Possible Subscriptions
“Non-Refundable Deposit”	the non-refundable deposit in the sum of HK\$5,000,000 paid by the Potential Investor to the Company under the MOU
“Possible Subscription of Bonds”	the possible subscription of the Bonds by the Potential Investor pursuant to the MOU
“Possible Subscription of Shares”	the possible subscription of new Shares by the Potential Investor pursuant to the MOU
“Possible Subscriptions”	collectively, the Possible Subscription of Bonds and the Possible Subscription of Shares
“Potential Investor”	Hong Lin Investments L.P., an exempted limited partnership registered in the Cayman Islands

“Proposed Restructuring”	the proposed restructuring of the capital / debt restructuring of the Group
“Second Subscription Agreement”	a legally binding formal agreement which may or may not be entered between the Company and the Potential Investor in relation to the Possible Subscription of Bonds
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“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)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreements”	collectively, the First Subscription Agreement and the Second Subscription Agreement
“Subscription Shares”	the new Shares which may or may not be issued by the Company to the Potential Investor pursuant to the MOU
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong

By order of the Board  
**China Oil Gangran Energy Group Holdings Limited**  
**(Provisional Liquidators Appointed)**  
**(For Restructuring Purposes)**  
**Zou Donghai**  
*Chairman*

Hong Kong, 23 December 2019

*As at the date of this announcement, the executive Directors are Mr. Zou Donghai, Mr. Rong Changjun, Mr. Zhang Wenrong, Dr. Zheng Jian Peng, Mr. Yuan Beisheng and Ms. Hui Sai Ha; and the independent non-executive Directors are Mr. Qin Shihui and Mr. He Wen.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the “Latest Company Announcements” page of the GEM website at <http://www.hkgem.com> for at least 7 days from the date of its posting and on the websites of the Company at [www.chinaoilgangran.com](http://www.chinaoilgangran.com) and <http://chinaoilgangran.todayir.com>.*