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## 中油港燃能源集團控股有限公司

**CHINA OIL GANGRAN ENERGY GROUP HOLDINGS LIMITED**

*(Provisional Liquidators Appointed)*

*(For Restructuring Purposes)*

*(Incorporated in the Cayman Islands with limited liability)*

**Stock Code: 8132**

### QUARTERLY UPDATE ON SUSPENSION OF TRADING

This announcement is made by China Oil Gangran Energy Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on GEM made by the Stock Exchange (the “**GEM Listing Rules**”) and Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

References are made to the announcements (the “**Announcements**”) of the Company dated 29 April 2019, 10 May 2019, 16 May 2019, 21 May 2019, 29 May 2019, 10 June 2019, 14 June 2019, 19 June 2019, 28 June 2019, 18 July 2019, 29 October 2019, 6 November 2019, 8 November 2019, 18 November 2019, 6 December 2019, 17 December 2019, 23 December 2019, 30 December 2019, 10 January 2020, 24 January 2020, 30 January 2020, 16 February 2020, 25 February 2020, 3 March 2020, 6 March 2020, 9 March 2020, 2 April 2020, 9 April 2020, 14 May 2020, 18 May 2020, 21 May 2020, 22 May 2020, 30 June 2020, 2 July 2020, 21 July 2020, 4 August 2020, 14 August 2020, 17 August 2020, 31 August 2020, 17 September 2020, 29 September 2020, 30 September 2020, 7 December 2020, 18 December 2020 and 23 December 2020 in relation to, among other things, (i) the Hong Kong Petition and the Cayman Petition; (ii) the delay in the publication of the outstanding financial results of the Group and the delay in despatch of the relevant annual report, interim report or quarterly report of the Company; (iii) the suspension of trading in the Shares and the resumption conditions; (iv) the change of Directors; (v) the MOU; (vi) the Deconsolidation of Subsidiaries; (vii) the publication of the outstanding financial results of the Group and the relevant annual report, interim report or quarterly report of the Company; (viii) the formation of the Special Investigation Committee; (ix) the Forensic Investigation; (x) the suspension of duties of an executive Director; and (xi) the Subscriptions and the CB Subscriptions. Capitalised terms used herein shall have the same meanings as those defined in the Announcements unless the context requires otherwise.

## **UPDATE ON STATUS OF THE RESUMPTION PLAN**

Based on the resumption plan submitted to the Stock Exchange, the Company will undertake the Proposed Restructuring involving, among others, (i) the Subscriptions; (ii) the CB Subscriptions; and (iii) the Creditors' Schemes.

### **SUBSCRIPTIONS**

On 23 December 2020, 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 (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), at the Subscription Price of HK\$0.0307693 per Subscription Share. For details, please refer to the announcement of the Company dated 23 December 2020.

### **CB SUBSCRIPTIONS**

On 23 December 2020, 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 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 details, please refer to the announcement of the Company dated 23 December 2020.

### **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.

## **FORMATION OF THE SPECIAL INVESTIGATION COMMITTEE**

On 18 December 2020, the Special Investigation Committee, initially comprising all the independent non-executive Directors, namely Mr. Chu Kin Ming, Mr. Chiam Tat Yiu, Mr. Chan Wai Cheung Admiral and Mr. Cha Ho Wa, has been established pursuant to a resolution of the Board for the purpose of, among other things, investigating and reporting on various matters and events leading to and/or otherwise relating to the Deconsolidation of Subsidiaries. Mr. Cha Ho Wa has been appointed as the chairman of the Special Investigation Committee. The Special Investigation Committee may also appoint other professional advisers to assist in its investigation.

## **FORENSIC INVESTIGATION IN RELATION TO THE DECONSOLIDATION OF SUBSIDIARIES**

On 18 December 2020, the Company has engaged Frank Forensic and Corporate Recovery Limited, an independent professional firm, to undertake the Forensic Investigation in relation to the Deconsolidation of Subsidiaries. The scope of work of the Forensic Investigation will include, among others, the following: (i) to identify any potential breach of fiduciary duties of the directors of the Group in relation to the Loss of Books and Records and the loss of control of the Deconsolidated Subsidiaries; (ii) to investigate the cause of the loss of control of the Deconsolidated Subsidiaries; and (iii) to present their findings on items (i) and (ii) in a report to be addressed to the Special Investigation Committee.

## **SUSPENSION OF DUTIES OF AN EXECUTIVE DIRECTOR**

The Board has resolved, among other matters, to temporarily suspend the duties of Mr. Rong as an executive Director with effect from 18 December 2020 until further notice due to potential breach of fiduciary duties by Mr. Rong in his roles both as an executive Director and a director of Jiangxi China Oil at the material time in relation to the Deconsolidation of Subsidiaries. In particular, there is reasonable suspicion that Mr. Rong had failed to procure Jiangxi China Oil and its staff to keep proper books of account of Jiangxi China Oil and Zhoushan China Oil, which is a wholly-owned subsidiary of Jiangxi China Oil, during the relevant period and/or to provide such accounting records to the Group in connection with its annual audit for the year ended 31 March 2019.

Further details in relation to the formation of the Special Investigation Committee, the Forensic Investigation and the suspension of duties of an executive Director are set out in the announcement of the Company dated 18 December 2020.

## Updates on the fulfilment of the Resumption Conditions

The Board wishes to update the Shareholders and potential investors of the Company that the Company is currently working closely with its professional advisers towards the fulfilment of all the conditions (the “**Resumption Conditions**”) set out in the Resumption Guidance, the Additional Resumption Guidance and the Further Resumption Guidance, details of which are as follows:

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

(i) The annual results announcement of the Company for the year ended 31 March 2019; (ii) the quarterly results announcement of the Company for the three months ended 30 June 2019; (iii) the interim results announcement of the Company for the six months ended 30 September 2019; (iv) the quarterly results announcement of the Company for the nine months ended 31 December 2019; (v) the annual results announcement of the Company for the year ended 31 March 2020; (vi) the quarterly results announcement of the Company for the three months ended 30 June 2020; and (vii) the interim results announcement of the Company for the six months ended 30 September 2020, have been published on the website of the Stock Exchange and the Company’s website on 2 July 2020, 17 August 2020, 31 August 2020, 17 September 2020, 18 September 2020, 29 September 2020 and 13 November 2020, respectively. The third quarterly results announcement of the Company is expected to be published by 14 February 2021.

The Company expects that all audit qualifications will be removed by the year ending 31 March 2023, whereas the figures for the year ending 31 March 2022 and the comparative figure for the year ending 31 March 2021 will be subject to certain audit qualifications.

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

The Company has been publishing quarterly updates announcements and relevant announcements of the latest development of the Company from time to time.

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

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

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

*Demonstrate that the Directors meet a standard of competence commensurate with their positions as directors of a listed issuer to fulfil duties of skill, care and diligence as required under Rule 5.02 of the GEM Listing Rules.*

As at the date of this announcement, the majority of the Directors of the former Board had already resigned as a Director.

Eight new Directors were appointed to the Board to improve the competencies, know-how and expertise in the operation and management of the Group's core business and to maintain compliance with the GEM Listing Rules. For further details of the background of the newly appointed Directors, please refer to the announcements of the Company dated 17 February 2020, 5 March 2020, 9 March 2020 and 7 December 2020.

In connection with the Deconsolidation of Subsidiaries, on 18 December 2020, the Company (i) established the Special Investigation Committee; (ii) engaged an independent professional firm to undertake the Forensic Investigation in relation to the Deconsolidation of Subsidiaries; and (iii) temporarily suspended the duties of Mr. Rong as an executive Director with effect from 18 December 2020.

Based on the foregoing, the Company is of the view that the existing Directors (excluding Mr. Rong whose suitability as Director will be further examined after the Forensic Investigation) meet the standard as stipulated in Rule 5.02 of the GEM Listing Rules.

*Have the winding up petition(s) (or order(s), if made) against the Company withdrawn or dismissed and the appointment of liquidators (provisional or not) discharged.*

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

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

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

As set out in the Announcements, notwithstanding the Deconsolidation of Subsidiaries, the Board considered that the Group will be able to comply with the requirements of Rule 17.26 of the GEM Listing Rules upon completion of the Proposed Restructuring given that the Group will continue its existing businesses, the net proceeds from the Subscriptions and the CB Subscriptions will provide necessary funding for the Group and the financial position of the Group will improve after the implementation of the Creditors' Schemes.

For the year ended 31 March 2020, revenue of the Group generated from Power and Data Cords Business amounted to approximately HK\$63.9 million, representing an increase of approximately 10.6% as compared to the year ended 31 March 2019. Such increase was mainly driven by increase in sales of the Power and Data Cords Business following the introduction of two new types of products in the fourth quarter of the year ended 31 March 2020.

For the six months ended 30 September 2020, revenue of the Group generated from Power and Data Cords Business amounted to approximately HK\$60.8 million, representing an increase of approximately 158.1% as compared to approximately HK\$23.5 million for the six months ended 30 September 2019. Such increase was mainly driven by the constant growth in sale of the new products as referred to above. It is expected that the Power and Data Cords Business and thereby the Group will continue to have a sufficient level of operations upon completion of the Proposed Restructuring.

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

## **UPDATE ON BUSINESS OPERATIONS OF THE GROUP**

### **Power and Data Cords Business**

The three key product groups for the Power and Data Cords Business were (i) power and data cords for mobile handsets and personal care products; (ii) medical control devices; and (iii) power cords and inlet sockets for household electric appliances. Each product Group has its own types of products. During the Financial Period, the Group manufactured over 40 types of power and data cords for mobile handsets and personal care products, over 450 types of power cords and inlet sockets for household electric appliances. The Group will also continue to involve in the assembly and sale of medical control devices, which are primarily used by patients in hospital wards and the related accessories.

During the Financial Period, the Group's unaudited revenue from the Power and Data Cords Business amounted to approximately HK\$60.8 million, representing an increase of approximately 158.1% as compared to approximately HK\$23.5 million for the six months ended 30 September 2019. Such increase was mainly driven by the constant growth in sale of the new products.

### **Trading of Refined Oil and Chemicals Business**

Due to the Deconsolidation of Subsidiaries, the Trading of Refined Oil and Chemical Business did not record any revenue during the Financial Period. The Group continued to explore opportunities in the clean energy segment. A legally binding consultancy contract was signed between the Group and a gas company in March 2020 for a term of one year from March 2020 to March 2021 whereby the Group will provide strategic consultancy services regarding the plan and development of the customer's energy business. The Group's estimated revenue and gross profit from this contract amount to approximately HK\$2.2 million and HK\$2.2 million respectively. The contract with the said gas company has started in May 2020 but due to the outbreak of the COVID-19 pandemic, completion of the contract is expected to be delayed to August 2021.

Further, a legally binding liquefied natural gas supply contract was signed between the Group and an energy company in March 2020 pursuant to which the Group will provide liquefied natural gas to the customer during the period from July 2020 to December 2020. It is expected that the Group will supply approximately 20,000 tonnes of liquefied natural gas to the said gas company during the contract period. The contract with the said gas company is expected to commence after the resumption of trading of the Shares as the Board considered that it would be in the interest of the Company and the Shareholders as a whole to prioritise and place the Group's financial resources, as well as management and business resources, to focus on the Power and Data Cords Business, which generally has higher profit margin and sustainable revenue growth after taking into consideration of (i) the current business operations and financial position of the Group; and (ii) the impacts from the COVID-19 pandemic which is beyond the Group's control. The management of the Group is currently in negotiation with the said gas company to extend the contract period, which is expected to commence in May 2021.

### **Trading of Commodities Business**

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

## CONTINUED SUSPENSION OF TRADING

Trading in Shares has been suspended since 2 July 2019 pending the fulfilment of the Resumption Conditions. The Company is working closely with its professional advisers towards the resumption of trading in the Company's shares as soon as possible.

**Shareholders and potential investors should note that Resumption is subject to various conditions which may or may not be fulfilled. There is no guarantee that Resumption will take place. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

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 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.*

*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](http://www.chinaoilgangrans.com).*