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CHINA COME RIDE NEW ENERGY GROUP LIMITED

中國來騎哦新能源集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8039)

**FULFILLMENT OF THE RESUMPTION GUIDANCE
AND
RESUMPTION OF TRADING**

Financial Adviser to the Company



英皇企業融資
Emperor Corporate Finance

FULFILMENT OF RESUMPTION GUIDANCE

The Board is pleased to inform the Company's shareholders and investors that the Company has fulfilled the Resumption Guidance given by the Stock Exchange.

RESUMPTION OF TRADING

Trading in the shares of the Company on the Stock Exchange was suspended from 9:00 a.m. on 3 July 2023 at the request of the Company. As all conditions set out in the Resumption Guidance have been fulfilled, the Company has applied to the Stock Exchange for the resumption of trading in the shares of the Company with effect from 9:00 a.m. on 4 June 2024 on the Stock Exchange.

This announcement is published by China Come Ride New Energy Group Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 17.10(2)(a) of the Rules Governing the Listing of Securities on GEM (the "**GEM Listing Rules**") of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and the Inside Information Provisions (as defined in the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

Reference is made to:

- (i) the announcement of the Company dated 16 June 2023 in relation to, among others, the possible delay in the publication of the 2022/2023 Annual Results;
- (ii) the announcement of the Company dated 30 June 2023 in relation to the suspension of trading in the securities of the Company;
- (iii) the announcements of the Company dated 4 August 2023, 25 August 2023, 15 September 2023, 21 September 2023, 10 October 2023, 19 October 2023, 26 October 2023 and 14 November 2023 in relation to, among others, further delay in the publication of the Outstanding Results, delay in despatch of the Outstanding Reports, date of board meeting and postponement of board meeting (the “**Delay Announcements**”);
- (iv) the announcements of the Company dated 30 October 2023 and 16 January 2024 in relation to Resumption Guidance and Additional Resumption Guidance as imposed by the Stock Exchange and continued suspension of trading;
- (v) the announcements of the Company dated 1 November 2023, 5 January 2024 and 2 April 2024 in relation to Quarterly Update;
- (vi) the announcement of the Company dated 28 February 2024 in relation to the appointment of Mr. Liu Jianting as an independent non-executive Director;
- (vii) the results announcement of the Company dated 19 April 2024 in relation to the annual results of the Company for the year ended 31 March 2023;
- (viii) the annual report of the Company for the year ended 31 March 2023 published on 19 April 2024 (“**2023 Annual Report**”);
- (ix) the results announcement of the Company dated 23 May 2024 in relation to the quarterly results of the Company for the three months ended 30 June 2023;
- (x) the quarterly report of the Company for the three months ended 30 June 2023 published on 23 May 2024;
- (xi) the results announcement of the Company dated 23 May 2024 for the six months ended 30 September 2023; and
- (xii) the interim report of the Company for the six months ended 30 September 2023 published on 23 May 2024.

(Collectively, items (i) to (vii) above are referred as the “**Announcements**” for the context of this announcement.)

Unless the context requires otherwise, capitalised terms used herein shall have the same meaning as those defined in the Announcements.

BACKGROUND OF SUSPENSION OF TRADING IN THE SHARES

The shares of the Company (“**Shares**”) has been suspended at the request of the Company since 3 July 2023 as a result of the delay in publication of the financial results of the Group for the financial year ended 31 March 2023 and despatch of the Annual Report, as disclosed in the Delay Announcements.

RESUMPTION GUIDANCE

As disclosed in the announcements of the Company dated 30 October 2023 and 16 January 2024, the Company received from the Stock Exchange the following resumption Guidance and additional resumption guidance (collectively, the “**Resumption Guidance**”) for the resumption of trading in the Company’s shares:

- (a) publish all outstanding financial results required under the GEM Listing Rules and address any audit modifications (“**First Resumption Guidance**”);
- (b) demonstrate the Company’s compliance with GEM Rule 17.26 (“**Second Resumption Guidance**”);
- (c) the Company shall re-comply with GEM Listing Rules 5.05(1), 5.28 and 5.34 (“**Third Resumption Guidance**”); and
- (d) inform the market of all material information for the Company’s shareholders and investors to appraise the Company’s position (“**Fourth Resumption Guidance**”);

FULFILLMENT OF RESUMPTION GUIDANCE

The Company is pleased to announce that, as at the date hereof, the Resumption Guidance have been fulfilled and the details of which are set out below:

First Resumption Guidance

The Company has published all outstanding financial results and the dates of publication of the financial results are set out in the table below:

Financial year/period	Date of publication
the annual results announcement and the annual report for the financial year ended 31 March 2023	19 April 2024
the first quarterly results announcement and the quarterly report for the three months ended 30 June 2023	23 May 2024
the interim results and interim report for the six months ended 30 September 2023	23 May 2024

The Company confirms that, as at the date hereof, it has published all outstanding financial results. There are no other financial results of the Company that are outstanding. The Directors confirm that, the upcoming results announcement for the financial year ended 31 March 2024 will be published on or before 30 June 2024 in accordance with the GEM Listing Rules.

As the auditors of the Company, McMillan Woods (Hong Kong) CPA Limited (the “**Auditors**”), raised qualified opinions through audit modification to the annual results for the financial year ended 31 March 2023, the Company wishes to provide updates that the issues raised in the basis for the qualified opinions.

(a) Scope limitation of other borrowings

As disclosed in the 2023 Annual Report, the Group had other borrowings of approximately HK\$5.5 million (“**Alleged Debt**”) and stated in the consolidated statement of financial position of the Group as at 31 March 2022 and 2023, that were drawn down through a subsidiary of the Company during the year ended 31 March 2020, by Ms. Shi Lijie, Mr. Gu Jintai and Mr. Sun Xiaoli (“**Three Concerned Directors**”), who were former executive directors of the Company and also directors of a subsidiary of the Company at the material times.

The proceeds of the Group’s Alleged Debt were received through the abovementioned subsidiary of the Company. The then management had been unable to reach the Three Concerned Directors to obtain the relevant documents in relation to the Alleged Debt.

On 20 July 2020, a statutory demand served on the Company by a purported creditor, demanding the Company to settle the Alleged Debt together with accrued interest in an aggregate amount of approximately HK\$5.83 million within 3 weeks of the service of the statutory demand. If no payment was made by the end of the 3-week period, the purported creditor might present a winding-up petition against the Company. On 23 September 2020, the Company received a writ of summons issued in the Court of First Instance of the High Court of Hong Kong by the same purported creditor. Pursuant to the writ, the plaintiff is claiming from the Company the Alleged Debt with accrued interest.

The Company has discussed with the auditors that the qualification on other borrowings will only be removed when the Company is able to provide all the relevant documents related to other borrowings that can satisfy the existence, rights, obligation and completeness of other borrowings or pertaining to the court judgement related to the present litigation on other borrowings to be provided to them or reach a settlement with the purported creditor on other borrowings. As such, most likely that this audit qualification will be removed once judgement is made by the court.

Notwithstanding the above, the current management has been unable to reach the Three Concerned Directors, on 31 July 2020 the Company issued and filed a writ of summons, together with the statement of claim dated 30 July 2020, against the Three Concerned Directors for breach of the directors' duties in the High Court of Hong Kong. An application was made to the court to serve the writ out of jurisdiction on the Three Concerned Directors in the People Republic of China ("PRC"). On November 19, 2020, the writs to the Three Concerned Directors, were lodged at the Hong Kong Judiciary for service out of jurisdiction through the PRC Judiciary at their last known addresses in the PRC. Subsequently, the PRC Judiciary informed the Company that the service of the Writ on the Three Concerned Directors was unsuccessful.

Based on the delivery receipts, the PRC Judiciary provided the following reasons for the unsuccessful delivery:

- (i) For Ms. Shi Lijie, the property at her last known address has been sold, and she no longer resides there;
- (ii) For Mr. Gu Jintai, the property was vacant, and the phone numbers listed on the property were either unfamiliar or non-existent; and
- (iii) For Mr. Sun Xiaoli, the courier of PRC Judiciary visited his address, where whose daughter-in-law stated that Sun had not lived there for over ten years. The officer-in-charge attempted to contact Sun using the provided telephone number but was unsuccessful.

Considering the following factors: (i) the expensive nature of continuing civil actions and the difficulty in locating the Three Directors Concerned, and (ii) even if the Company proceeds with litigation and the Court orders compensation from the Three Directors Concerned, the Company would not receive any monetary benefits due to their absence. Therefore, the Company has decided to cease civil actions against them and save the legal cost.

Moreover, the matters related to the Three Directors Concerned have been reported to the Commercial Crime Bureau of the Hong Kong Police Force ("CCB") in 2020. The CCB has informed the Company that the Three Directors Concerned are wanted in the PRC. The Company is still working with its legal advisers on this matter and the process of serving writs against the Three Concerned Directors will take years as it involves corresponding court(s) in PRC. As of the date of this letter, no prosecutorial decision has been made and there has been no material progression in the matter.

For more details, please refer to the announcements of the Company dated 24 January 2020, 31 July 2020, 31 August 2020 and 8 October 2020.

(b) Scope limitation on the valuation of financial assets at fair value through other comprehensive income (“FVTOCI”)

The Group invested in unlisted equity securities, being 9.68% equity interest in an investee company, Kin On Engineering (International) Limited (“**Kin On**”) (the “**Investment**”) and accounted for investment as financial assets at fair value through other comprehensive income with fair value of approximately of HK\$4,424,000 as at 31 March 2022 and 31 March 2023.

The fair value assessments of the Investment had been conducted by the management of the Company using an adjusted net assets value approach. The measurement of fair value of the Investment was mainly based on the audited financial statements of Kin On for the years ended 31 March 2022 and 2023 issued by previous auditors of the Company.

The auditors of the Company were of the view that in the absence of appropriate audit evidence due to the following reasons to perform audit work on the financial statement of Kin On, in particular:

- (i) the recoverability of the loan to a shareholder as shown as the major assets on the statement of financial position of Kin On as at 31 March 2022 and 2023; and
- (ii) the appropriateness of 5% adopted for discount of lack of marketability, we are unable to satisfy ourselves as to whether the fair value of the Investment of approximately HK\$4,424,000 as at 31 March 2022 and 2023 were fairly stated. There were no other satisfactory audit procedures that they could adopt to determine whether any adjustments to the fair value of the Investment as at 31 March 2022 and 2023 were necessary.

The management of the Company is currently engaged in discussions with the auditors to resolve the matter for the financial year ended 31 March 2024 (“**FY2024**”). The auditors have requested the financial statements of Kin On’s major shareholder, Alpha Generator Limited (“**AGL**”), to assess the recoverability of the loan provided to them by Kin On. The Kin On Audit Modification related to this matter may be removed if the auditors can satisfactorily assess the loan’s recoverability.

However, the Company’s management has discussed this issue with AGL. The responsible person at AGL stated that, as an offshore private holding company, AGL has never prepared financial statements. Nevertheless, they are willing to provide written confirmation to the auditors attesting to AGL’s solvency. The auditors have not yet confirmed whether they will find this approach satisfactory.

Furthermore, the Company’s management has also requested that AGL repay the loan to Kin On, which would eliminate the need to assess AGL’s recoverability. However, AGL has not yet confirmed its agreement to this arrangement.

It is important to note that point (ii) above in the Kin On Audit Modifications was a qualified opinion on the opening balance for previous financial years. Even if the qualified opinion related to recoverability is resolved for FY2024, this part of the modified opinion will only be removed from the financial statements for the year ending 31 March 2025. Consequently, the Kin On Audit Modifications will be entirely removed from the financial statements for the year ending 31 March 2026 and onwards.

Material uncertainty related to going concern

The Group incurred a loss of approximately HK\$4.64 million for the year ended 31 March 2023 and as at 31 March 2023, the Group had net current liabilities of approximately HK\$0.73 million. Based on the net current liability position of the Group, the auditors of the Company were of that view that the Group might have financial uncertainties which may cast significant doubt on the Group's ability to continue as a going concern. Their opinion is not further modified in respect of this matter.

The Directors have given careful consideration to the Group's financial performance, working capital, liquidity position and the stability of the Group's business, operations and relationships with its subcontractors, bankers and financial institutions. The Directors have also prepared cash flow forecast of the Group for a period of next 12 months ending on 31 March 2024 and assessed whether any shortfall of funds in meeting the Group's liquidity requirements, and accordingly obtained interest-bearing borrowing facilities from a financial institution to an extend of HK\$10 million to meet the potential shortfall, which are still in place as at the date of this announcement. The Group has also been taking various cost control measures to tighten the costs of operations and implementing various strategies to enhance the revenue. In view of the above, the Directors have a reasonable expectation that the Group has adequate financial resources to continue in operational existence for the foreseeable future.

Second Resumption Guidance

The Group is principally engaged in the provision of comprehensive architectural and structural engineering consultancy services in Hong Kong.

As set out in the 2023 Annual Report and the interim report for the six months ended 30 September 2023:

- (i) the Company's audited consolidated revenue for the year ended 31 March 2023 amounted to approximately HK\$45.4 million;
- (ii) the Company's audited consolidated gross profit for the year ended 31 March 2023 amounted to approximately HK\$7.0 million;

- (iii) the Company's unaudited consolidated total assets as at 30 September 2023 amounted to approximately HK\$16.9 million including approximately HK\$6.1 million is bank balances and cash;
- (iv) the Company's unaudited consolidated net assets as at 30 September 2023 amounted to approximately HK\$3.9 million; and
- (v) as at 30 September 2023, the Company had loans from a director which were non-interest bearing and non-secured with principal of approximately HK\$1.74 million and repayable within 12 months.

As at the date of this announcement, the business operations of the Group are continuing as usual in all material respects. According to the latest information, the Company has approximately 400 projects on hand with an aggregate outstanding contract sum of approximately HK\$7.5 million. The Board is of the view that the Group has a viable and sustainable business with a sufficient level of operations, as well as assets of sufficient value to support its operations to meet the requirements under Rule 17.26 of the GEM Listing Rules, and warrant the continued listing of the Company's shares on the Stock Exchange.

Third Resumption Guidance

Following the appointment of Mr. Liu Jianting (“**Mr. Liu**”) as an independent non-executive directors and the changes in the composition of the Board committees on 28 February 2024, the Board comprises six members including three executive Directors and three independent non-executive directors. The current number of independent non-executive directors complies with Rule 5.05(1) of the GEM Listing Rules, the current number of members of the Audit Committee complies with Rule 5.28 of the GEM Listing Rules, and the Remuneration Committee is chaired by an independent non-executive directors and complies with Rule 5.34 of the GEM Listing Rules.

The Company has re-complied with Rules 5.05(1), 5.28 and 5.34 of the GEM Listing Rules, and has fulfilled the additional resumption guidance set out by the Stock Exchange as disclosed in the announcement of the Company dated 16 January 2024.

Fourth Resumption Guidance

Since its trading suspension on 3 July 2023, the Company has continued to disclose material information relating to the cause of its suspension. Accordingly, the Company has announced all material information it considers necessary and appropriate for the Company's shareholders and investors to appraise the Company's position.

RESUMPTION OF TRADING

Trading in the shares of the Company on the Stock Exchange was suspended from 9:00 a.m. on 3 July 2023 at the request of the Company. As all conditions set out in the Resumption Guidance have been fulfilled, the Company has applied to the Stock Exchange for the resumption of trading in the shares of the Company with effect from 9:00 a.m. on 4 June 2024 on the Stock Exchange.

By order of the Board
China Come Ride New Energy Group Limited
Zhou Renchao
Chairman

Hong Kong, 3 June 2024

As at the date of this announcement, the executive Directors are Mr. Zhou Renchao, Mr. Chung Yuk Lun and Mr. Cao Dayong; and the independent non-executive Directors are Ms. Lai Pik Chi, Peggy, Mr. Leung Tsun Ip and Mr. Liu Jianting.

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 Listed Company Information” page of the Stock Exchange website at www.hkexnews.hk for a minimum period of 7 days from the date of its publication and on the Company’s website at www.8039.com.hk.