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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

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8132

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



RHB OSK Securities Hong Kong Limited

The Board announces that on 2 September 2014, after trading hours, the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed to place, on behalf of the Company, a maximum of 1,452,900,000 Placing Shares, on a best efforts basis, to not less than six Placées at the Placing Price of HK\$0.10 per Placing Share. The Placing Shares represent 20.00% of the existing issued share capital of the Company as at the date of this announcement and approximately 16.67% of the issued share capital of the Company as enlarged by the Placing.

The Placing Shares will be issued and allotted under the general mandate granted to the Directors by a resolution of the Shareholders passed at the annual general meeting of the Company held on 30 July 2014 pursuant to which the Directors are allowed to allot and issue up to 1,452,900,000 Shares. As at the date of this announcement, no Share has been issued pursuant to the said general mandate.

The maximum gross proceeds from the Placing will be approximately HK\$145,290,000. The maximum net proceeds from the Placing are estimated to be approximately HK\$141,700,000, which will be used as general working capital of the Group and/or for financing future investment opportunities.

Completion of the Placing is conditional upon the Listing Division of the Stock Exchange shall have granted or agreed to grant (either unconditionally or subject to conditions to which neither the Company nor the Placing Agent shall reasonably object) the listing of, and permission to deal in, the Placing Shares. If such condition is not fulfilled on or before the Long Stop Date, the Placing will not proceed.

As the Placing may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

PLACING

The Board announces that on 2 September 2014, after trading hours, the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed to place, on behalf of the Company, a maximum of 1,452,900,000 Placing Shares, on a best efforts basis, to not less than six Placees at the Placing Price of HK\$0.10 per Placing Share. It is expected that none of the Placees will become a substantial shareholder of the Company as a result of the completion of the Placing.

THE PLACING AGREEMENT

The principal terms of the Placing Agreement are summarised below:

- Date: 2 September 2014
- Parties: (a) The Company; and
- (b) The Placing Agent

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are independent third parties of the Company and its Connected Persons.

Placing Shares

The Placing Shares represent 20.00% of the existing issued share capital of the Company as at the date of this announcement and approximately 16.67% of the issued share capital of the Company as enlarged by the Placing.

The aggregate nominal value of the Placing Shares is HK\$145,290 as at the date of this announcement.

Placing Price

The Placing Price of HK\$0.10 per Placing Share represents:

- (i) a discount of approximately 4.76% to the closing price of HK\$0.105 per Share quoted on the Stock Exchange on 2 September 2014, being the date of the Placing Agreement; and
- (ii) a discount of approximately 9.90% to the average closing price of HK\$0.111 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days immediately preceding the date of the Placing Agreement.

The Placing Price was arrived at after arm's length negotiations among the Company and the Placing Agent with reference to the prevailing market price of the Shares and the market condition. The Directors (including the independent non-executive Directors) are of the opinion that the Placing (including the Placing Price) are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Placing Commission

The Placing Agent will receive a placing commission of 2.5% of the amount equal to the Placing Price multiplied by the number of the Placing Shares placed by the Placing Agent. The placing commission was arrived at after arm's length negotiations among the Company and the Placing Agent.

Placees

The Placing Shares have been or will be offered by the Placing Agent to not less than six Placees. The Placees and their ultimate beneficial owners will be independent of the Company and the directors, chief executive and substantial shareholder of the Company and its subsidiaries and/or any of their respective associates or any Connected Persons.

Condition of the Placing

The Placing is conditional upon the Listing Division of the Stock Exchange shall have granted or agreed to grant (either unconditionally or subject to conditions to which neither the Company nor the Placing Agent shall reasonably object) the listing of, and permission to deal in, the Placing Shares.

If the above condition is not fulfilled on or before the Long Stop Date, the Placing Agreement and all rights and obligations under the Placing Agreement shall cease and terminate and no party shall have any claim against the other for costs, damages, compensation or otherwise (save for any antecedent breach of provisions of the Placing Agreement).

Completion of the Placing

Completion of the Placing will take place on the Placing Completion Date.

Completion of the Placing is subject to the satisfaction of the condition specified in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

Termination of the Placing Agreement

If at any time prior to the Placing Completion Date, in the opinion of the Placing Agent, the success of the Placing or the business or financial prospects of the Group would or is likely to be materially and adversely affected by: –

- (i) any material breach of any of the representations and warranties set out in the Placing Agreement;
or
- (ii) any suspension in dealings in or the listing of the Shares on the Stock Exchange for a period of more than 3 trading days (other than in connection with the Placing); or
- (iii) the introduction of any new law or regulation or any change in existing laws or regulations or change in the interpretation or application thereof; or
- (iv) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events or changes occurring or continuing before, on and/or after the date hereof and including an event or change in relation to or a development of an existing state of affairs) of a political, military, industrial, financial, economic or other nature, whether or not sui generis with any of the foregoing, resulting in a material adverse change in, or which might be expected to result in a material adverse change in, political, economic or stock market conditions;
or
- (v) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise;
or
- (vi) a change or development involving a prospective change in taxation in Hong Kong, Cayman Islands, British Virgin Islands or the People's Republic of China or the implementation of exchange controls which shall or might materially and adversely affect the Group or its present or prospective shareholders in their capacity as such; or
- (vii) any change or deterioration in the conditions of local, national or international securities markets.

then and in any such case, the Placing Agent may terminate the Placing Agreement without liability to the Company by giving notice in writing to the Company.

In the event that the Placing Agent terminates the Placing Agreement, all obligation of the Company and the Placing Agent shall cease and determine and no party shall have any claim against any other parties in respect of any matter arising out of or in connection with the Placing Agreement except for any antecedent breach of any obligation under the Placing Agreement.

GENERAL MANDATE TO ISSUE NEW SHARES

The Placing Shares will be issued and allotted under the general mandate granted to the Directors by a resolution of the Shareholders passed at the annual general meeting of the Company held on 30 July 2014 pursuant to which the Directors are allowed to allot and issue up to 1,452,900,000 Shares. As at the date of this announcement, no Share has been issued pursuant to the said general mandate and the issue and allotment of the Placing Shares will not require any special approval from the Shareholders.

APPLICATION FOR LISTING

An application will be made by the Company to the Listing Division of the Stock Exchange for the granting of the listing of, and permission to deal, in the Placing Shares.

REASONS FOR THE PLACING

The Group is principally engaged in the development of digital applications, including but not limited to handheld electronic game consoles, mobile game applications, digital marketing solutions, development of liquefied natural gas, compressed natural gas and related clean energy business, and the manufacturing and trading of power and data cords for household electronic appliances, mobile phones and medical control services.

The maximum gross proceeds from the Placing will be approximately HK\$145,290,000. The maximum net proceeds from the Placing are estimated to be approximately HK\$141,700,000, as a result, the net price per Placing Share will be approximately HK\$0.09. They will be used as general working capital of the Group and/or for financing future investment opportunities.

The Directors consider that the Placing will provide the Company with an opportunity to raise further capital for the Company while broadening its shareholders' base and capital base of the Company. The Directors (including the independent non-executive Directors) consider that the Placing Agreement was entered into on normal commercial terms following arm's length negotiations between the Company and the Placing Agent and that the terms of the Placing Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

RANKING OF PLACING SHARES

The Placing Shares, when issued and fully paid, will rank *pari passu* in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Placing Shares.

FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST TWELVE MONTHS

Save for the proposed placing of 66,000,000, 66,000,000 and 175,000,000 warrants as set out in the announcements of the Company dated 2 August 2013, 5 September 2013 and 29 July 2014, respectively, all of which were subsequently lapsed and save as disclosed below, the Company has not undertaken any equity fund raising activities in the past twelve months immediately preceding the date of this announcement.

Date of announcement	Method of fund raising	Net proceeds received	Intended use of proceeds	Actual use of proceeds
3 October 2013	Placing of Shares	Approximately HK\$17.41 million	General working capital of the Group and/or for financing future investment opportunities	Used to finance the formation of a joint venture company in the PRC as set out in the announcement of the Company dated 16 September 2013
20 December 2013	Placing of convertible bonds	Approximately HK\$54.95 million	To be used to finance the formation of a joint venture company in the PRC as set out in the announcement of the Company dated 16 September 2013	Used as intended
19 February 2014	Placing of convertible bonds	Approximately HK\$15.4 million	General working capital of the Group and/or for financing future investment opportunities	Used as intended
7 May 2014	Placing of convertible bonds	Approximately HK\$21.8 million	General working capital of the Group and/or for financing future investment opportunities	Used as Intended
4 July 2014	Placing of convertible bonds	Approximately HK\$20.4 million	General working capital of the Group and/or for financing future investment opportunities	Used as Intended

CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company before and after the Placing (assuming the Placing Shares are fully placed) are summarised as follows:

Shareholder	As at the date of this announcement		Immediately after completion of the Placing	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
Fairson Holdings (BVI) Limited (<i>Note</i>)	663,920,000	9.14	663,920,000	7.62
Placees	–	–	1,452,900,000	16.66
Other Shareholders	<u>6,600,580,000</u>	<u>90.86</u>	<u>6,600,580,000</u>	<u>75.72</u>
Total	<u><u>7,264,500,000</u></u>	<u><u>100.00</u></u>	<u><u>8,717,400,000</u></u>	<u><u>100.00</u></u>

Note:

Fairson Holdings (BVI) Limited is wholly-owned by Mr. Yeung Tin Hung, the former Chairman and executive Director.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the meanings set opposite to them below:

“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of directors of the Company
“Business Day”	means a day (other than a Saturday, Sunday and a day on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks are open for general banking business in Hong Kong throughout their normal business hours
“Company”	China Oil Gangran Energy Group Holdings Limited (中油港燃能源集團控股有限公司), a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on GEM

“Connected Person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	director(s) of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Long Stop Date”	12 September 2014 (or such other time and date as the Placing Agent and the Company shall agree in writing)
“Placee(s)”	any professional, institutional or other investors whom the Placing Agent and/or any of its agent(s) have procured to subscribe for any of the Placing Shares
“Placing”	the private placing of the Placing Shares to selected independent professional, institutional or other investors on the terms and subject to the conditions to be set out in the Placing Agreement
“Placing Agent”	RHB OSK Securities Hong Kong Limited, a licensed corporation under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) permitted to engage in Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities, being the placing agent for the Placing
“Placing Agreement”	the placing agreement (as amended or varied from time to time by an agreement in writing) dated 2 September 2014 and entered into among the Company and the Placing Agent in respect of the Placing

“Placing Completion Date”	three Business Days following the satisfaction of the condition precedent (or such other date as the Company and the Placing Agent may agree in writing)
“Placing Price”	HK\$0.10 per Placing Share
“Placing Share(s)”	a maximum of 1,452,900,000 new Shares to be placed pursuant to the Placing Agreement
“Share(s)”	ordinary shares of HK\$0.0001 each in the capital of the Company or shares of any class or classes resulting from any sub-division, consolidation or re-classification of such Shares, which as between themselves have no preference in respect of voting rights or dividends or of amounts payable in the event of any voluntary or involuntary liquidation or distribution of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the GEM Listing Rules
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

By order of the Board
China Oil Gangran Energy Group Holdings Limited
Fok Joyce Sing Yan
Company Secretary

Hong Kong, 2 September 2014

As at the date of this announcement, the executive Directors are Mr. Yeung Shing Wai, Mr. Ho Chun Kit Gregory and Mr. Chan Lung Ming; the non-executive Director is Mr. Tse Yee Hin, Tony and the independent non-executive Directors are Ms. Eugenia Yang, Mr. Ng Ka Chung and Mr. Lau Sung Tat, Vincent.

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

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