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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

### **PROPOSED SHARE CONSOLIDATION, CHANGE IN BOARD LOT SIZE AND FURTHER INFORMATION ON THE SUBSCRIBERS**

#### **PROPOSED SHARE CONSOLIDATION**

The Board proposes that every twenty (20) issued and unissued Existing Shares in the share capital of the Company be consolidated into one (1) Consolidated Share. As at the date of this announcement, there are 7,142,456,372 Existing Shares in issue which are fully paid or credited as fully paid. Assuming no further Shares will be issued from the date of this announcement up to the date of the EGM, upon the Share Consolidation becoming effective, there will be 357,122,818 Consolidated Shares in issue which are fully paid or credited as fully paid.

#### **PROPOSED CHANGE IN BOARD LOT SIZE**

The Shares are currently traded in board lots of 20,000 Shares. The Company proposes to change the board lot size for trading on the Stock Exchange from 20,000 Shares to 5,000 Consolidated Shares after and conditional upon the Share Consolidation becoming effective.

Based on the closing price of HK\$0.028 per Share (equivalent to HK\$0.56 per Consolidated Share) as quoted on the Stock Exchange as at the date of this announcement, the market value of each board lot of 5,000 Consolidated Shares, assuming the Share Consolidation and the Change in Board Lot Size had already become effective, would be HK\$2,800.

#### **GENERAL**

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Share Consolidation. A circular containing, among other things, further detail of the proposed Share Consolidation and the notice convening the EGM is expected to be despatched to the Shareholders on or before 12 November 2018.

## **PROPOSED SHARE CONSOLIDATION**

The Board proposes that every twenty (20) issued and unissued Existing Shares in the share capital of the Company be consolidated into one (1) Consolidated Share.

### **Effects of the Share Consolidation**

As at the date of this announcement, the authorised share capital of the Company is HK\$8,000,000 divided into 40,000,000,000 Existing Shares, of which 7,142,456,372 Existing Shares have been issued and are fully paid or credited as fully paid. Assuming that no further Shares are issued or repurchased from the date of this announcement up to the date of the EGM, immediately after the Share Consolidation becoming effective, the authorised share capital of the Company will become HK\$8,000,000 divided into 2,000,000,000 Consolidated Shares, of which 357,122,818 Consolidated Shares will be in issue which are fully paid or credited as fully paid.

Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank pari passu in all respects with each other.

Other than the expenses to be incurred in relation to the Share Consolidation, the implementation of the Share Consolidation will not alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders.

### **Conditions of the Share Consolidation**

The implementation of the Share Consolidation is conditional upon:

- (i) the passing of an ordinary resolution by the Shareholders at the EGM to approve the Share Consolidation; and
- (ii) the GEM Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares in issue and to be issued upon the Share Consolidation becoming effective.

The Share Consolidation will become effective on the next Business Day immediately following the fulfilment of the above conditions.

## **Listing Application**

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consolidated Shares in issue and to be issued upon the Share Consolidation becoming effective.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, as well as compliance with the stock admission requirements of the HKSCC, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares are listed or dealt in on any other stock exchange other than the Stock Exchange, and at the time the Share Consolidation becomes effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

## **PROPOSED CHANGE IN BOARD LOT SIZE**

The Shares are currently traded in board lots of 20,000 Shares. The Company proposes to change the board lot size for trading on the Stock Exchange from 20,000 Shares to 5,000 Consolidated Shares after and conditional upon the Share Consolidation becoming effective.

Based on the closing price of HK\$0.028 per Share (equivalent to HK\$0.56 per Consolidated Share) as quoted on the Stock Exchange as at the date of this announcement, the market value of each board lot of 5,000 Consolidated Shares, assuming the Share Consolidation and the Change in Board Lot Size had already become effective, would be HK\$2,800.

## **OTHER ARRANGEMENTS**

### **Fractional entitlement to Consolidated Shares**

Fractional Consolidated Shares will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Existing Shares of the Company regardless of the number of share certificates held by such holder.

### **Arrangement on odd lot trading**

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares, the Company will appoint a securities firm as an agent to provide matching services, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares. Details of the odd lot arrangement will be set out in the circular to be despatched to the Shareholders.

Holders of odd lots of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Shareholders who are in any doubt about the odd lots matching arrangement are recommended to consult their own professional advisers.

### **Exchange of certificates for Consolidated Shares**

Subject to the Share Consolidation becoming effective, which is currently expected to be Thursday, 29 November 2018, being the Business Day immediately after the date of the EGM, Shareholders may on or after Thursday, 29 November 2018 and until Wednesday, 9 January 2019 (both days inclusive), submit their existing share certificates for the Existing Shares to the Company's branch share registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for exchange for share certificates for the Consolidated Shares at the expense of the Company. It is expected that the new share certificates for the Consolidated Shares will be available for collection within 10 business days after the submission of the existing share certificates to the share registrar of the Company for exchange. Thereafter, a fee of HK\$2.50 (or such other amount as may from time to time be allowed by the Stock Exchange) will be payable by the Shareholders to the Company's branch share registrar for each share certificate for the Consolidated Shares issued or each share certificate for the Existing Shares submitted for cancellation, whichever is higher.

With effect from Tuesday, 8 January 2019, trading will only be in Consolidated Shares which share certificates will be issued. Existing share certificates for the Existing Shares will cease to be valid for trading, settlement and registration purpose, but will remain valid and effective as documents of title.

## **Adjustments in relation to other securities of the Company**

As at the date of this announcement, the Company has outstanding convertible notes in the principal amount of HK\$15,000,000, which are convertible into 75,000,000 Existing Shares at the conversion price of HK\$0.2 per Share. The proposed Share Consolidation may lead to adjustment to the conversion price of the convertible notes of the Company and the number of Consolidated Shares which may fall to be issued upon exercise of the conversion rights attaching to the convertible notes, such adjustment to be made in accordance with the terms and conditions of the convertible notes. The Company will make further announcement(s) on such adjustment(s) as and when appropriate.

As at the date of this announcement, there are outstanding share options of the Company for subscription of 631,448,000 Existing Shares under the Share Option Scheme. The proposed Share Consolidation may lead to adjustment to the exercise price of the share options of the Company and the number of Consolidated Shares which may fall to be issued upon exercise of the subscription rights attaching to the share options, such adjustment to be made in accordance with the terms and conditions of the Share Option Scheme and the GEM Listing Rules. The Company will make further announcement(s) on such adjustment(s) as and when appropriate.

Save as disclosed above, as at the date of this announcement, the Company has no other outstanding options, warrants or other securities in issue which are convertible into or giving rights to subscribe for, convert or exchange into, any Existing Shares or Consolidated Shares, as the case may be.

## **REASONS FOR THE PROPOSED SHARE CONSOLIDATION AND CHANGE IN BOARD LOT SIZE**

Under Rule 17.76 of the GEM Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the issuer may be required either to change the trading method or to proceed with a consolidation or splitting of its securities. In view that the Shares had been traded at around or below HK\$0.10 at most of the time in the past 12 months, except 18 October 2017 to 20 October 2017 and 23 October 2017 to 25 October 2017 (based on the closing price per Share as quoted on the Stock Exchange), the Board proposes to implement the Share Consolidation and Change in Board Lot Size. It is expected that the proposed Share Consolidation and Change in Board Lot Size would bring about a corresponding upward adjustment in the trading price of the Consolidated Shares on the Stock Exchange. As a result, the proposed Share Consolidation and Change in Board Lot Size would enable the Company to comply with the trading requirements under Rule 17.76 of the GEM Listing Rules.

The Company also considers that the proposed Change in Board Lot Size will maintain the trading amount for each board lot at a reasonable level and attract more investors and broaden the shareholder base of the Company. The Company considered that the expected market value of each board lot of HK\$2,800 after the Share Consolidation becoming effective is at a reasonable level for the following reasons: (i) if the expected market value of each board lot is set at a higher level, it may reduce potential investors' interest in acquiring the Shares and as a result decrease the liquidity of the Shares; and (ii) it enables the Company to comply with the "Guide on Trading Arrangements for Selected Types of Corporate Actions" issued by Hong Kong Exchanges and Clearing Limited, which requires the expected board lot value to be greater than HK\$2,000.

Save for the relevant expenses, including but not limited to professional fees and printing charge to be incurred by the Company, the implementation of the Share Consolidation and Change in Board Lot Size will not alter the underlying assets, business operations, management or the financial position of the Company or the proportionate interests of the Shareholders. In view of the above, the Board considers that the Share Consolidation and Change in Board Lot Size are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Board may consider conducting fund raising exercise in the 12 months following the date of this announcement for, among others, repayment of outstanding loans and liabilities of the Group, financing potential acquisitions and business opportunities and replenishing its general working capital.

The Company does not have any intention to carry out any other corporate actions or arrangements that may affect the trading in the Shares (including share consolidation, share subdivision and change in board lot size) in the coming 12 months.

## **EXPECTED TIMETABLE**

The expected timetable for the Share Consolidation and Change in Board Lot Size is set out below. The expected timetable is subject to the results of the EGM and is therefore for indicative purpose only. Any change to the expected timetable will be announced in a separate announcement by the Company as and when appropriate. All times and dates in this announcement refer to Hong Kong local times and dates.

Despatch date of circular with notice of the EGM . . . . . on or before Monday,  
12 November 2018

Latest time for lodging forms of proxy for the EGM . . . . . 11:00 a.m. on Monday,  
26 November 2018

Date and time of the EGM . . . . . 11:00 a.m. on Wednesday,  
28 November 2018

Publication of the announcement of the results of the EGM. . . . .Wednesday,  
28 November 2018

**The following events are conditional on the fulfillment of the conditions for the implementation of the Share Consolidation as set out in this announcement.**

Effective date of the Share Consolidation . . . . . Thursday,  
29 November 2018

First day of free exchange of existing share certificates for  
new share certificates for Consolidated Shares . . . . . Thursday,  
29 November 2018

Dealing in the Consolidated Shares commences. . . . .9:00 a.m. on Thursday,  
29 November 2018

Original counter for trading in the Existing Shares  
in board lots of 20,000 Existing Shares  
(in the form of existing share certificates) temporarily closes . . . . .9:00 a.m. on Thursday,  
29 November 2018

Temporary counter for trading in the Consolidated Shares  
in board lots of 1,000 Consolidated Shares  
(in the form of existing share certificates) opens . . . . .9:00 a.m. on Thursday,  
29 November 2018

Original counter for trading in the Consolidated Shares  
in board lots of 5,000 Consolidated Shares  
(in the form of new share certificates for  
the Consolidation Shares) re-opens . . . . .9:00 a.m. on Thursday,  
13 December 2018

Parallel trading in the Consolidated Shares  
(in the form of new share certificates for  
the Consolidated Shares and  
existing share certificates) commences . . . . . 9:00 a.m. on Thursday,  
13 December 2018

Designated broker starts to stand in the market to  
provide matching services for  
odd lots of the Consolidated Shares . . . . . 9:00 a.m. on Thursday,  
13 December 2018

Temporary counter for trading in the Consolidated Shares  
in board lots of 1,000 Consolidated Shares  
(in the form of existing share certificates) closes . . . . . 4:00 p.m. on Monday,  
7 January 2019

Parallel trading in the Consolidated Shares  
(in the form of new share certificates for  
the Consolidation Shares and  
existing share certificates) ends . . . . . 4:00 p.m. on Monday,  
7 January 2019

Designated broker ceases to stand in  
the market to provide matching services for  
odd lots of the Consolidated Shares . . . . . 4:00 p.m. on Monday,  
7 January 2019

Last day for free exchange of existing share certificates for  
new share certificates for the Consolidated Shares . . . . . Wednesday,  
9 January 2019

## **GENERAL**

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Share Consolidation. A circular containing, among other things, further detail of the proposed Share Consolidation and the notice convening the EGM is expected to be despatched to the Shareholders on or before 12 November 2018.



## FURTHER INFORMATION ON THE SUBSCRIBERS

Reference is made to the announcements of the Company dated 4 October 2018 and 19 October 2018 in relation to the Subscription. Capitalised terms used herein shall have the same meanings as defined in the said announcements unless the context requires otherwise.

The Board would like to provide further information on the Subscribers as follows:

- (i) 李超志 (Li Chaozhi\*) is the chairman of a private company, which together with its subsidiaries, are principally engaged in the pharmaceutical, real estate development and agricultural development businesses;
- (ii) 李瑞敏 (Li Ruimin\*) is the owner of a private company, which is principally engaged in the sales of daily necessities and skin care products;
- (iii) Chan Lok Yu is the general manager of a private investment company, which has investments in hotels and properties in the PRC; and
- (iv) Asiapac Strategic Investment Limited is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding. Chik Kin Ning Alex is the sole beneficial owner of Asiapac Strategic Investment Limited. Mr. Chik is a partner of a local accounting firm and a fellow member of the Association of Chartered Certified Accountants.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (a) each of the Subscribers and Mr. Chik are Independent Third Parties; and (b) save for the Subscription, the Subscribers and Mr. Chik do not have any past or present relationship, including but not limited to employment, business, financial or family relationship, with the Company and its connected persons (as defined under the GEM Listing Rules).

## DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday and any day on which a tropical cyclone warning no. 8 or above is hoisted or on which a “black” rainstorm warning is hoisted between 9:00 a.m. and 5:00 p.m.) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours

“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Change in Board Lot Size”	the proposed change in board lot size of the Shares for trading on the Stock Exchange from 20,000 Existing Shares to 5,000 Consolidated Shares
“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
“Consolidated Share(s)”	ordinary share(s) in the share capital of the Company after the Share Consolidation becoming effective
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held to consider the ordinary resolution to be proposed to approve the Share Consolidation
“Existing Share(s)”	ordinary share(s) in the existing share capital of the Company before the Share Consolidation becoming effective
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Share Consolidation”	the proposed consolidation of every twenty (20) Existing Shares in the share capital of the Company into one (1) Consolidated Share in the share capital of the Company

“Share Option Scheme”	the share option scheme of the Company which was adopted by way of an ordinary resolution passed by the Shareholders at the annual general meeting held on 27 April 2011
“Shareholder(s)”	holder(s) of the issued Shares
“Share(s)”	the Existing Share(s) or as the context may require, the Consolidated Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

By Order of the Board  
**China Oil Gangran Energy Group Holdings Limited**  
**Zou Donghai**  
*Chairman*

Hong Kong, 29 October 2018

*As at the date of this announcement, the executive Directors are Mr. Zou Donghai, Mr. Rong Changjun, Mr. Zhang Wenrong, Dr. Ho Chun Kit Gregory and Dr. Zheng Jian Peng; and the independent non-executive Director are Mr. Lau Sung Tat, Vincent and Mr. Tam Kim Fung.*

*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>.*