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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



CHUNG SUN

Chung Sun Securities Limited

PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 18 December 2018 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent agrees, as agent of the Company, to procure on a best effort basis not less than six Placees who and whose ultimate beneficial owners shall be Independent Third Parties to subscribe for up to 67,670,000 Placing Shares at the Placing Price of HK\$0.234 per Placing Share.

The maximum of 67,670,000 Placing Shares represent (i) approximately 18.95% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 15.93% of the issued share capital of the Company as enlarged by the allotment and issue of all the Placing Shares.

The Placing Price of HK\$0.234 per Placing Share represents: (i) a discount of approximately 2.5% to the closing price of HK\$0.24 per Share as quoted on the Stock Exchange on 18 December 2018, being the date of the Placing Agreement; and (ii) a discount of approximately 6.02% to the average closing price of approximately HK\$0.249 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement.

The Placing Shares will be allotted and issued pursuant to the General Mandate and is not subject to further Shareholders' approval. An application will be made by the Company to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

Assuming all the Placing Shares are fully placed, the gross proceeds from the Placing will be approximately HK\$15.83 million. The net proceeds, after deduction of all relevant expenses (including but not limited to placing commission, legal expenses and disbursements) incidental to the Placing of approximately HK\$0.83 million, are estimated to be approximately HK\$15 million. The Company intends to apply the net proceeds from the Placing as to approximately HK\$2.5 million for the repayment of interest of promissory notes due in the financial year ending 31 March 2019, HK\$7.5 million for the repayment of interests on bonds and the remaining balance of approximately HK\$5 million as general working capital of the Group.

Shareholders and potential investors of the Company should note that completion of the Placing is subject to the fulfilment of the conditions set out in the Placing Agreement. The Placing may or may not proceed. Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in the Shares and other securities of the Company.

PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 18 December 2018 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent agrees, as agent of the Company, to procure on a best effort basis not less than six Placees who and whose ultimate beneficial owners shall be Independent Third Parties to subscribe for up to 67,670,000 Placing Shares at the Placing Price of HK\$0.234 per Placing Share. Details of the Placing Agreement are set out below:

The Placing Agreement

Date: 18 December 2018 (after trading hours of the Stock Exchange)

Parties: (i) the Company (as issuer); and
(ii) Chung Sun Securities Limited (as placing agent).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties.

Pursuant to the terms of the Placing Agreement, the Placing Agent will receive a placing commission of 4% of the amount which is equal to the Placing Price multiplied by the number of Placing Shares actually placed by the Placing Agent. The placing commission in respect of the Placing was negotiated on arm's length basis between the Company and the Placing Agent and was determined with reference to, among other things, the prevailing commission rate charged by other placing agents and the price performance of the Shares.

The Directors consider that the placing commission in respect of the Placing are fair and reasonable based on the current market conditions.

Placees

The Placing Shares will be placed to not less than six Placees who shall be professional, institutional or other investors independent of and not connected with the Company, the connected persons of the Company and their respective associates, and who and whose ultimate beneficial owners are Independent Third Parties. Upon completion of the Placing, it is expected that none of the Placees will become a substantial Shareholder. If any of the Placees will become a substantial Shareholder after completion of the Placing, further announcement will be made by the Company.

Placing Shares

The maximum of 67,670,000 Placing Shares represent (i) approximately 18.95% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 15.93% of the issued share capital of the Company as enlarged by the allotment and issue of all the Placing Shares.

The aggregate nominal value of the maximum of 67,670,000 Placing Shares is HK\$270,680.

Ranking of the Placing Shares

The Placing Shares, when allotted and issued, 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.

Placing Price

The Placing Price of HK\$0.234 per Placing Share represents: (i) a discount of approximately 2.5% to the closing price of HK\$0.24 per Share as quoted on the Stock Exchange on 18 December 2018, being the date of the Placing Agreement; and (ii) a discount of approximately 6.02% to the average closing price of approximately HK\$0.249 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement.

The Placing Price was arrived at after arm's length negotiations between the Company and the Placing Agent with reference to the prevailing market price and the recent trading performance of the Shares. The Directors consider that the Placing Price and the terms of the Placing Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Conditions of the Placing

The Placing is conditional upon the fulfilment of the following conditions:

- (i) the GEM Listing Committee of the Stock Exchange granting the approval for the listing of, and the permission to deal in, the Placing Shares; and
- (ii) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained.

In the event that any of the above conditions is not fulfilled on or before 4 January 2019 (or such later date as may be agreed between the parties to the Placing Agreement in writing), all rights, obligations and liabilities of the parties to the Placing Agreement shall cease and terminate and neither of the parties thereto shall have any claim against the other save for any antecedent breach under the Placing Agreement prior to such termination.

Completion of the Placing

Completion of the Placing shall take place on a date falling within three Business Days after the day on which all the conditions set out in the Placing Agreement have been fulfilled (or such later date as may be agreed between the parties to the Placing Agreement in writing).

Application for listing

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

General Mandate to issue the Placing Shares

The Placing Shares will be allotted and issued pursuant to the General Mandate. The maximum number of Shares that can be issued under the General Mandate is 71,424,563 Shares. As at the date of this announcement, the General Mandate has been utilised as to 3,750,000 Shares following completion of issue of the Notes by the Company on 2 November 2018 (after taking into account the effect of the adjustments to the outstanding Notes as a result of the the Share Consolidation) and the Company has unused General Mandate to issue up to 67,674,563 Shares. The General Mandate is sufficient for the allotment and issue of all the Placing Shares. As such, the issue of the Placing Shares is not subject to further Shareholders' approval. The General Mandate will be utilised as to approximately 99.99% upon the allotment and issue of all the Placing Shares.

Termination

The Placing Agent may terminate the Placing Agreement without any liability to the Company save for antecedent breach under the Placing Agreement prior to such termination, by notice in writing given to the Company at any time prior to 8:00 a.m. on the date of completion of the Placing upon the occurrence of the following events which, in the absolute opinion of the Placing Agent, has or may have an adverse effect on the business or financial conditions or prospects of the Company or the Group taken as a whole or the success of the Placing or the full placement of all of the Placing Shares or has or may otherwise make it inappropriate, inadvisable or inexpedient to proceed with the Placing on the terms and in the manner contemplated in the Placing Agreement if there develops, occurs or comes into force:

- (i) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date of the Placing Agreement) 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, fiscal, regulatory or other nature, resulting in a change in, or which may result in a change in, political, economic, fiscal, financial, regulatory or stock market conditions and which in the Placing Agent's absolute opinion would adversely affect the success of the Placing; or
- (ii) the imposition of any moratorium, suspension (for more than seven (7) trading days) or restriction on trading in the securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise and which in the Placing Agent's absolute opinion, would adversely affect the success of the Placing; or
- (iii) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group and if in the Placing Agent's absolute opinion any such new law or change may adversely affect the business or financial prospects of the Group and/or the success of the Placing; or
- (iv) any litigation or claim being instigated against any member of the Group, which has or may have an adverse effect on the business or financial position of the Group and which in the Placing Agent's absolute opinion would adversely affect the success of the Placing; or

- (v) any material adverse change in the business or in the financial or trading position or prospects of the Group as a whole; or
- (vi) any breach of any of the representations and warranties set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the date of completion of the Placing which if had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect or there has been a breach by the Company of any other provision of the Placing Agreement; or
- (vii) there is any material change (whether or not forming part of a series of changes) in market conditions which in the absolute opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed.

If notice is given pursuant to the above, the Placing Agreement shall terminate and be of no further effect and neither party shall be under any liability to the other party in respect of the Placing Agreement save for any antecedent breach under the Placing Agreement prior to such termination.

REASONS FOR AND BENEFITS OF THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in the oil and chemicals trading businesses.

Assuming all the Placing Shares are fully placed, the gross proceeds from the Placing will be approximately HK\$15.83 million. The net proceeds, after deduction of all relevant expenses (including but not limited to placing commission, legal expenses and disbursements) incidental to the Placing of approximately HK\$0.83 million, are estimated to be approximately HK\$15 million. On such basis, the net issue price will be approximately HK\$0.222 per Placing Share. The Company intends to apply the net proceeds from the Placing as to approximately HK\$2.5 million for the repayment of interest of promissory notes due in the financial year ending 31 March 2019, HK\$7.5 million for the repayment of interests on bonds and the remaining balance of approximately HK\$5 million as general working capital of the Group.

The Directors consider that the Placing represents an opportunity to raise additional funding for the business operations of the Group and for the repayment of interest of promissory notes and bonds of the Group. The Placing will strengthen the Group's financial position, and enlarge shareholders' base of the Company which may in turn enhance the liquidity of the Shares, and provide working capital to the Group to meet its financial obligations.

The Directors consider that the Placing Agreement is entered into upon normal commercial terms following arm's length negotiations between the Company and the Placing Agent and the terms of the Placing Agreement (including the Placing Price and the placing commission) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

CHANGES IN SHAREHOLDING STRUCTURE

The changes in the shareholding structure of the Company as a result of the Placing (assuming that there are no other changes in the issued share capital of the Company from the date of this announcement up to and immediately after Completion) are as follows:

	As at the date of this announcement		Immediately after completion of the Placing (assuming all the Placing Shares are fully placed)	
	<i>Number of Shares</i>	<i>Approx. %</i>	<i>Number of Shares</i>	<i>Approx. %</i>
Mr. Zou Donghai	35,000,000	9.80%	35,000,000	8.24%
Dr. Ho Chun Kit Gregory	3,127,500	0.88%	3,127,500	0.74%
Dr. Zheng Jian Peng	2,640,000	0.74%	2,640,000	0.62%
Public Shareholders				
The Placees	–	–	67,670,000	15.93%
Other public Shareholders	<u>316,355,318</u>	<u>88.58%</u>	<u>316,355,318</u>	<u>74.47%</u>
Total	<u><u>357,122,818</u></u>	<u><u>100.00%</u></u>	<u><u>424,792,818</u></u>	<u><u>100.00%</u></u>

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

Set out below are the fund raising activities conducted by the Company in the past 12 months immediately prior to the date of this announcement:

Date of initial announcement	Event	Net proceeds (approximately)	Intended use of net proceeds	Actual use of net proceeds (adjusted to actual net proceeds)
22 June 2018	Placing of 1,000,000,000 Shares	Estimated net proceeds: HK\$39.65 million Actual net proceeds: HK\$39.75 million	(i) approximately HK\$28.9 million for the repayment of promissory notes due in the financial year ending 31 March 2019; (ii) approximately HK\$2.25 million for the repayment of interests on bonds; and (iii) approximately HK\$8.5 million as general working capital of the Group.	(i) approximately HK\$28.2 million for the repayment of promissory notes due in the financial year ending 31 March 2019 and the balance to be utilised as intended; (ii) utilised as intended; and (iii) utilised as intended.

Date of initial announcement	Event	Net proceeds (approximately)	Intended use of net proceeds	Actual use of net proceeds (adjusted to actual net proceeds)
4 October 2018	Issue of convertible notes in the aggregate principal amount of HK\$15,000,000 under general mandate	Estimated net proceed: HK\$14.8 million Actual net proceeds: HK\$14.8 million	(i) approximately HK\$5 million for the repayment of interest of promissory notes due in the financial year ending 31 March 2019; (ii) approximately HK\$2.25 million for the repayment of interests on bonds; and (iii) approximately HK\$7.55 million as general working capital of the Group.	(i) remains unutilised and to be utilised as intended; (ii) utilised as intended; and (iii) approximately HK\$1.7 million as general working capital of the Group and the balance to be utilised as intended.

Save as disclosed, the Company had not conducted any equity fund raising activities involving the issue of its equity securities in the 12 months immediately preceding the date of this announcement.

Shareholders and potential investors of the Company should note that completion of the Placing is subject to the fulfilment of the conditions set out in the Placing Agreement. The Placing may or may not proceed. Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in the Shares and other securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“associate(s)”	has the meaning ascribed to it in the GEM Listing Rules
“Business Day”	a day (other than a Saturday, Sunday and public holiday) on which licensed banks in Hong Kong are open for business throughout their normal business hours
“Board”	the board of Directors
“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
“connected person(s)”	has the meaning as ascribed to it in the GEM Listing Rules
“Director(s)”	director(s) of the Company
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Mandate”	the general mandate granted to the Directors pursuant to an ordinary resolution of the Company passed at the annual general meeting of the Company held on 31 August 2018 to allot, issue and deal with new Shares not exceeding 20% of the aggregate number of issued Shares as at the date of passing of such resolution, pursuant to which a maximum of 67,674,563 new Shares may fall to be allotted and issued as at the date of this announcement
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owner(s) (if applicable) who, 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
“Notes”	the 1.5% coupon convertible notes due 2020 in the aggregate principal amount of HK\$15,000,000 issued by the Company to the subscribers pursuant to the subscription agreements, details of which are set out in the announcements of the Company dated 4 October 2018, 23 November 2018 and 28 November 2018
“Placee(s)”	any person or entity procured by the Placing Agent or its agent(s) to subscribe for any Placing Shares pursuant to the Placing Agreement
“Placing”	the placing, on a best effort basis, of up to 67,670,000 Placing Shares on and subject to the terms and condition set out in the Placing Agreement
“Placing Agent”	Chung Sun Securities Limited, licensed corporation to carry on business in type 1 (dealing in securities) and type 2 (dealing in futures contracts) regulated activity under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Placing Agreement”	the conditional placing agreement dated 18 December 2018 and entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$0.234 per Placing Share (exclusive of any brokerage, SFC transaction levy and Stock Exchange trading fee as may be payable)
“Placing Share”	a total of up to 67,670,000 new Shares to be placed pursuant to the Placing Agreement and to be issued under the General Mandate, each a “Placing Share”
“Share(s)”	ordinary share(s) of HK\$0.004 each in the share capital of the Company

“Share Consolidation”	the consolidation of every twenty (20) ordinary shares in the share capital of the Company into one (1) consolidated share with effect on 29 November 2018, details of which are set out in the announcement of the Company dated 29 October 2018 and the circular of the Company dated 12 November 2018
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 18 December 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, Dr. Zheng Jian Peng, Mr. Yuan Beisheng and Ms. Hui Sai Ha; and the independent non-executive Directors are Mr. Lau Sung Tat, Vincent, Mr. Tam Kim Fung and Mr. Qin Shihui.

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 and <http://chinaoilgangran.todayir.com>.