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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

CLARIFICATION ANNOUNCEMENT

Reference is made to (i) the announcement of China Oil Gangran Energy Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 18 December 2018 in relation to the placing of up to 67,670,000 new shares under general mandate (the “**Placing**”); (ii) the announcements of the Company dated 22 June 2018, 28 June 2018, 3 July 2018 and 10 July 2018 in relation to the placing of 1,000,000,000 new shares under general mandate (the “**Previous Placing**”); and (iii) the announcements of the Company dated 4 October 2018, 29 October 2018 and 23 November 2018 in relation to the issue of convertible notes under general mandate (the “**Issue of Notes**”). Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as those defined in the said announcements (the “**Announcements**”).

The Board wishes to provide the following additional information to the Shareholders and potential investors of the Company in relation to the breakdown of the net proceeds used and/or to be used as general working capital of the Group in relation to the the Placing, the Previous Placing and the Issue of Notes.

THE PLACING

Set out in the table below is the breakdown of the intended use of net proceeds from the Placing allocated for general working capital of the Group:

Particulars	Intended use of net proceeds Approximate amount (HK\$'000)
Rental expenses and general administrative expenses	1,200
Directors' remuneration and staff costs	1,300
Legal and professional fees	<u>2,500</u>
Total	<u><u>5,000</u></u>

PREVIOUS PLACING

Set out in the table below is the breakdown of the intended and actual use of net proceeds from the Previous Placing allocated for general working capital of the Group:

Particulars	Intend use of net proceeds Approximate amount (HK\$'000)	Actual use of net proceeds Approximate amount (HK\$'000)
Rental expenses and general administrative expenses	2,127	4,270
Directors' remuneration and staff costs	5,210	1,030
Business marketing expenses	–	1,250
Legal and professional fees	<u>1,163</u>	<u>1,950</u>
Total	<u><u>8,500</u></u>	<u><u>8,500</u></u>

Change in use of proceeds

As set out in the announcement of the Company dated 3 July 2018, the Company had originally intended to apply part of the net proceeds from the Previous Placing of approximately HK\$5,210,000 for directors' remuneration and staff costs. In order to better deploy the resources of the Group, the Board has resolved to reallocate part of the net proceeds for directors' remuneration and staff costs of approximately HK\$2,143,000 towards rental expenses and general administrative expenses, approximately HK\$1,250,000 towards business marketing expenses and approximately HK\$787,000 for legal and professional fees (the "Change in Use of Proceeds").

Reasons for the change in use of proceeds

The Board considers that the Change in Use of Proceeds will enable the Group to better deploy its resources. The Group had utilised more proceeds for general administrative expenses during the relevant period for its existing businesses. In order to ensure the smooth operation of its business, the Board decided to settle the Group's outstanding payables first. Further, the Board considered that the net proceeds reallocated for business marketing expenses and legal and professional fees was mainly related to market research and preliminary due diligence work conducted on the PRC and overseas markets for potential business opportunities, which will enable the Group to further develop its existing businesses and increase its revenue. Taking into account the above, the Directors (including the independent non-executive Directors) consider that the Change in Use of Proceeds is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

ISSUE OF NOTES

Set out in the table below is the breakdown of the intended and actual use of net proceeds from the Issue of Notes allocated for general working capital of the Group:

Particulars	Intend use of net proceeds Approximate amount (HK\$'000)	Actual use of net proceeds Approximate amount (HK\$'000)
Rental expenses and general administrative expenses	4,000	775
Directors' remuneration and staff costs	2,000	467
Legal and professional fees	1,500	500
Total	7,500	1,742

As at the date of this announcement, the Company has utilised approximately HK\$1,742,000 of the net proceeds from the Issue of Notes allocated for general working capital of the Group and the remaining balance of approximately HK\$5,758,000 will be utilised as intended.

Save as stated above, all other information in the Announcements remains unchanged.

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

Hong Kong, 28 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>.