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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



鼎成證券有限公司
Gransing Securities Co., Limited

PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 21 February 2019 (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 Places 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\$0.257 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 upon Completion.

The Placing Price of HK\$0.257 per Placing Share represents: (i) a discount of approximately 19.69% to the closing price of HK\$0.32 per Share as quoted on the Stock Exchange on 21 February 2019, being the date of the Placing Agreement; and (ii) a discount of approximately 17.63% to the average closing price of approximately HK\$0.312 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement.

Upon Completion, the Placing Shares will be allotted and issued pursuant to the General Mandate which will not be subject to further Shareholders' approval. An application will be made by the Company to the Listing Division 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\$17.39 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\$0.9 million, are estimated to be approximately HK\$16.5 million. The Company intends to apply the net proceeds from the Placing as to approximately HK\$2.5 million for the repayment on interest of promissory notes due in the financial year ending 31 March 2019, HK\$10 million for the repayment of interests and principal on bonds and the remaining balance of approximately HK\$4 million as general working capital of the Group.

Shareholders and potential investors of the Company should note that Completion 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 21 February 2019 (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\$0.257 per Placing Share. Details of the Placing Agreement are set out below:

The Placing Agreement

Date: 21 February 2019 (after trading hours of the Stock Exchange)

Parties: (i) the Company (as issuer); and
(ii) Gransing Securities Co., 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 aggregate Placing Price for the Placing Shares successfully 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 individuals, corporate, institutional or other investors 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 (within the meaning of GEM Listing Rules). If any of the Placees will become a substantial Shareholder after Completion, 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\$0.257 per Placing Share represents: (i) a discount of approximately 19.69% to the closing price of HK\$0.32 per Share as quoted on the Stock Exchange on 21 February 2019, being the date of the Placing Agreement; and (ii) a discount of approximately 17.63% to the average closing price of approximately HK\$0.312 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 Listing Division of the Stock Exchange granting the approval for the listing of, and the permission to deal in, the Placing Shares on or before the Long Stop Date;
- (ii) the Placing Agreement not having been terminated in accordance with its terms; and
- (iii) if required, 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 the Long Stop Date, 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 five (5) 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 (after taking into account of the Share Consolidation). As at the date of this announcement, the Company has outstanding Notes which were issued under the General Mandate, and upon full exercise of the Notes, 3,750,000 Shares will be issued and allotted under the General Mandate (after taking into account the effect of the adjustments to the outstanding Notes as a result of the Share Consolidation). As such, 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 upon Completion. 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, after consultation with the Company, terminate the Placing Agreement by notice in writing to the Company at any time up to 8:00 a.m. on the date of Completion if in its reasonable opinion:

- (1) there is any change in national, international, financial, exchange control, political, economic conditions in Hong Kong which in the reasonable opinion of the Placing Agent would be materially adverse in the consummation of the Placing; or
- (2) there is any breach of the warranties, representations and undertakings given by the Company in the Placing Agreement and such breach is considered by the Placing Agent on reasonable grounds to be material in the context of the Placing; or
- (3) there is any material change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed.

Upon termination of the Placing Agreement, all liabilities of the parties thereto shall cease and determine and no party shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Placing Agreement save in respect of any antecedent breach of any obligation under the Placing Agreement.

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\$17.39 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\$0.9 million, are estimated to be approximately HK\$16.5 million. The Company intends to apply the net proceeds from the Placing as to approximately HK\$2.5 million for the repayment on interest of promissory notes due in the financial year ending 31 March 2019, HK\$10 million for the repayment of interests on bonds and the remaining balance of approximately HK\$4 million as general working capital of the Group.

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	1,000
Directors' remuneration and staff costs	1,000
Legal and professional fees	<u>2,000</u>
Total	<u><u>4,000</u></u>

The Directors consider that the Placing represents an opportunity to raise additional funding for the business operations of the Group and settlement of the outstanding liabilities of the Group. The Placing will strengthen the Group's financial position, and enlarge the 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 Places	–	–	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 where approximately HK\$2.127 million as rental expenses and general administrative expenses; approximately HK\$5.21 million as director's remuneration and staff costs; and approximately HK\$1.163 million as legal and professional fees.	(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 (iii) approximately HK\$4.27 million as rental expenses and general administrative expenses; approximately HK\$1.03 million as director's remuneration and staff costs; approximately HK\$1.25 million as business marketing expenses; and approximately HK\$1.95 million as legal and professional fees.

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 where approximately HK\$4 million for rental expenses and general administrative expenses; approximately HK\$2 million for directors' remuneration and staff costs; and approximately HK\$1.5 million for legal and professional fees.	(i) remains unutilised and to be utilised as intended; (ii) utilised as intended; and (iii) approximately HK\$2.14 million as general working capital of the Group where approximately HK\$1.02 million for rental expenses and general administrative expenses; approximately HK\$0.6 million for directors' remuneration and staff costs; and approximately HK\$0.52 million for legal and professional fees 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 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:

“acting in concert”	has the meaning as ascribed to it in the Code on Takeovers and Mergers of Hong Kong
“associate(s)”	has the meaning ascribed to it in the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	a day (not being a Saturday, Sunday and public holiday and any day on which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for business throughout their normal business hours
“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
“Completion”	completion of the Placing
“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 (after taking into account of the Share Consolidation) 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 and not connected with nor acting in concert with, the Company or any of its connected persons or any of their respective associates
“Long Stop Date”	14 March 2019 or such later date as may be agreed in writing by the Company and the Placing Agent
“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”	Gransing Securities Co., a Limited, licensed corporation to carry on business in type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activity under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Placing Agreement”	the conditional placing agreement dated 21 February 2019 and entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$0.257 per Placing Share (exclusive of any brokerage (if any), SFC transaction levy and Stock Exchange trading fee as may be payable)

“Placing Share(s)”	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) issued and unissued ordinary shares in the then share capital of the Company into one (1) consolidated share, details of which are set out in the circular of the Company dated 12 November 2018 and the announcement of the Company dated 28 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, 21 February 2019

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>.