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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

(formerly known as Fairson Holdings Limited)

PLACING OF UNLISTED WARRANTS UNDER GENERAL MANDATE

Placing Agent



凱基證券
KGI SECURITIES

中華開發金控
CHINA DEVELOPMENT FINANCIAL

KGI Securities Limited

THE PLACING AGREEMENT

On 29 July 2014 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent in connection with the Placing, pursuant to which the Placing Agent conditionally agreed to place, on a best effort basis, up to 175,000,000 Warrants to not less than six independent Placers at the Issue Price of HK\$0.04 per Warrant.

The Warrants will entitle the holders thereof to subscribe up to 175,000,000 Subscription Shares at the Subscription Price of HK\$0.108 per Subscription Share for a period of one year commencing from the date of the issue of the Warrants.

The maximum gross proceeds from the Placing will be approximately HK\$7,000,000. The maximum net proceeds from the Placing, after deduction of related expenses, are estimated to be approximately HK\$6,850,000, representing a net issue price of approximately HK\$0.039 per Warrant.

Assuming the full exercise of the subscription rights attaching to the Warrants, it is expected an additional amount of approximately HK\$18,900,000 will be raised and the total net proceeds will be approximately HK\$18,900,000, representing a net subscription price of HK\$0.108 per Warrant.

The Subscription Shares to be issued upon exercise of the subscription rights attaching to the Warrants will be issued under the General Mandate.

Completion of the Placing shall be subject to and conditional upon the Listing Committee having granted (either unconditionally or subject only to conditions to which the Company does not reasonably object) approval for the listing of and permission to deal in the Subscription Shares to be allotted and issued by the Company upon the exercise of the subscription rights attached to the Warrants.

Completion of the Placing is subject to the satisfaction of the conditions precedent as set out above. As the Placing may or may not complete, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

PLACING OF NON-LISTED WARRANTS

On 29 July 2014, the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent conditionally agreed to place, on a best effort basis, up to 175,000,000 Warrants to not less than six independent Placees at the Issue Price of HK\$0.04 per Warrant. The Subscription Price is HK\$0.108 per Subscription Share.

THE PLACING AGREEMENT

Date: 29 July 2014 (after trading hours)

Parties: (i) Issuer : the Company

(ii) Placing Agent : KGI Asia Limited

The Placing Agent has conditionally agreed to place up to 175,000,000 Warrants at the Issue Price of HK\$0.04 per Warrant on a best effort basis during the Placing Period. The Placing Agent will receive a placing commission in the amount of HK\$150,000, which is arrived at after arm's length negotiations between the parties to the Placing Agreement. The Directors are of the view that the fee payable under the Placing Agreement is fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

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

THE PLACING

Placees

The Warrants are expected to be placed by the Placing Agent to not less than six Placees who should be Independent Third Parties. Upon Completion, it is expected that none of the Placees will become substantial Shareholders (as defined in the GEM Listing Rules).

The Placing Agent shall use its reasonable endeavours to ensure that the Placees and their ultimate beneficial owners are not Connected Persons of the Company and are third parties independent of, and not connected with, the directors, chief executive(s) or substantial shareholder(s) of the Company, any of its subsidiaries, or their respective associates (as defined in the GEM Listing Rules).

Principal Terms of the Warrants

Issuer:	The Company
Number of Warrants:	Up to 175,000,000 Warrants
Issue Price:	HK\$0.04 per Warrant

In determining the Issue Price, the Directors have taken into account (i) the valuation report prepared by an independent valuer dated 29 July 2014 in respect of the fair value of the Issue Price; and (ii) the commercial negotiation with the Placing Agent having regards to the Issue Price, Subscription Price, subscription period, the performance of the Group, the interest of the investing public and the market sentiment.

Warrant Conversion Ratio:	Each Warrant shall entitle the Warrantholders to subscribe for one Subscription Share at the Subscription Price.
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Number of Subscription Shares to be issued upon full exercise of the Warrants:	Assuming there is no further issue or repurchase of the Shares, upon the full exercise of the subscription rights attaching to the Warrants, a maximum of 175,000,000 Subscription Shares (with an aggregate nominal value of HK\$17,500 of the Subscription Shares), will be issued and allotted, representing approximately (i) 2.41% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 2.35% of the issued share capital of the Company as enlarged by the issue and allotment of the Subscription Shares.
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Subscription Period: The period of one year commencing from the date of issue of the Warrants. Any subscription rights attaching to the Warrants which have not been exercised upon the expiration of the one year subscription period shall lapse.

Subscription Price: HK\$0.108 per Subscription Share. The Subscription Price represents:

- (i) a discount of approximately 10% to the closing price of HK\$0.12 per Share as quoted on the Stock Exchange on 29 July 2014, being the last trading day of the Shares immediately prior to the release of this announcement; and
- (ii) the average closing price of HK\$0.108 per Share as quoted on the Stock Exchange for the last 5 trading days immediately prior to 29 July 2014.

Aggregate of Issue Price and Subscription Price: The aggregate of the Issue Price and the Subscription Price represents:

- (i) a premium of approximately 23.33% to the closing price of HK\$0.12 per Share as quoted on the Stock Exchange on 29 July 2014, being the last trading day of the Shares immediately prior to the release of this announcement; and
- (ii) a premium of approximately 37.04% to the average closing price of HK\$0.108 per Share as quoted on the Stock Exchange for the last 5 consecutive trading days immediately prior to 29 July 2014.

The Subscription Price together with the Issue Price were determined with reference to the prevailing market price of the Shares and were negotiated on an arm's length basis between the Company and the Placing Agent.

Adjustments to the Subscription Price: There will be no adjustment to the Subscription Price.

Minimum Subscription: Any subscription for the Subscription Shares must be in integral multiples of 1,000,000 Warrants (or the whole but not part of the outstanding Warrants if the number of outstanding Warrants is less than 1,000,000 Warrants).

- Transferability:** The Warrants shall be transferable in integral multiples of 1,000,000 Warrants (or the whole but not part of the outstanding Warrants if the number of outstanding Warrants is less than 1,000,000 Warrants) and the Warrants may only be transferred to Independent Third Parties. In the event of a transfer of the Warrants to a Connected Person of the Company, prior approval from the Company and the Stock Exchange will be obtained.
- Ranking:** The Warrants shall rank pari passu in all respects among themselves. The Subscription Shares, when fully paid and allotted, shall rank pari passu in all respects with the Shares then in issue on the date of allotment and issue of the relevant Subscription Shares and among themselves.
- Call:** If at any time the aggregate of Warrants which have not been exercised carry rights to subscribe for Shares which is equal to or less than 10 per cent. of the total number of Warrants issued, the Company may, on giving not less than one months' notice, require Warrantheolders either to exercise their subscription rights or to allow them to lapse. On expiry of such notice, all unexercised Warrant(s) will be automatically cancelled without compensation to the Warrantheolders.
- Voting:** The Warrantheolders will not be entitled to attend or vote at any general meetings of the Company by reason only of it being a Warrantheolder. The Warrantheolder shall not have the right to participate in any distributions and/or offers of further securities made by the Company.

Conditions of the Placing

Completion of the Placing shall be subject to and conditional upon the (a) (if required) the Listing Committee shall have approved the issue of the Warrants either unconditionally or subject to conditions to which neither the Company nor the Placees shall reasonably object and the satisfaction of such conditions; and (b) the Listing Committee having granted (either unconditionally or subject only to conditions to which the Company does not reasonably object) approval for the listing of and permission to deal in the Subscription Shares to be allotted and issued by the Company upon the exercise of the subscription rights attached to the Warrants.

The Warrants will be issued to the Placees upon completion of the Placing in registered form and constituted by a deed poll.

If the above condition is not fulfilled on or before 11 August 2014 (or such other date as parties to the Placing Agreement may agree in writing), the Placing Agreement should lapse and become null and void and the parties to the Placing Agreement shall be released from all obligations in the Placing Agreement, save for any liability arising out of any antecedent breaches thereof.

Completion of the Placing

Completion shall take place one Business Day after the date of fulfillment of the above condition (or such other date as the parties to the Placing Agreement may agree in writing).

GENERAL MANDATE TO ISSUE THE SUBSCRIPTION SHARES

The Subscription Shares will be allotted and issued under the General Mandate. The General Mandate entitles the Directors to allot, issue and deal with Shares not exceeding 20% of the issued capital of the Company as at the date of the annual general meeting of the Company held on 31 July 2013 approving the General Mandate. The maximum number of Shares allowed to be allotted and issued under the General Mandate was 132,000,000 Shares, which was adjusted to 1,320,000,000 Shares upon the subdivision of shares becoming effective on 25 March 2014. As at the date of this announcement, 175,331,358 Shares have not been utilized by the Company under the General Mandate. Accordingly, the Placing is not subject to the Shareholders' approval.

The conversion shares to be issued upon exercise in full of the conversion rights attaching to the 4 convertible bonds listed under the heading "Fund raising activities of the Company during the past twelve months" below (collectively, the "CB") are to be issued pursuant to the General Mandate. If any of the adjustment event occurs under the CBs (which include but not limited to consolidation or subdivision of Shares, capitalization of profits or reserves, and capital distribution) resulting in the number of conversion shares to be issued being increased and exceed the number of Shares which can be issued under the General Mandate, holders of the CB will receive from the Company redemption amount in cash for such principal amount and accrued interest on their respective maturity date or the date on which the Company early redeems the whole or part of the CB (as the case may be), whichever is the earlier.

APPLICATION FOR LISTING

The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Subscription Shares which may fall to be allotted and issued upon exercise of the subscription rights attaching to the Warrants. No application will be made to the Stock Exchange or any other stock exchanges for the listing of the Warrants.

REASONS FOR THE PLACING

The Group is principally engaged in the (i) manufacturing and sale of power and data cords for mobile handsets and medical control devices; (ii) manufacturing and sale of power cords and inlet sockets for household electric appliances; (iii) development of digital applications, including but not limited to handheld electronic game consoles, mobile game applications and digital marketing solutions; and (iv) conversion of traditional diesel utilization to liquid natural gas utilization by vessels in the water transportation industry.

The Directors are of the view that the Placing represents a good opportunity to raise additional funds for the Company. The Placing will provide immediate funding without immediate dilution of the shareholding of the existing Shareholders, and, on exercise of the subscription rights attaching to the Warrants, benefit the long-term development of the Group by strengthening its financial conditions and broadening the shareholders base of the Company.

The Directors have considered other funds raising exercise such as placing of new shares and rights issue, the Directors perceived that the market practitioners have difficulties in finding placees readily and it will be comparatively costly and time-consuming respectively for which the Company has not pursued further.

In view of the above, the Directors consider that the terms of the Placing are on normal commercial terms, fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS

The maximum gross proceeds from the Placing will be approximately HK\$7,000,000. The maximum net proceeds from the Placing, after deduction of related expenses, are estimated to be approximately HK\$6,850,000, representing a net issue price of approximately HK\$0.039 per Warrant. Assuming the full exercise of the subscription rights attaching to the Warrants, it is expected that an additional amount of approximately HK\$18,900,000 will be raised and the total net proceeds will be approximately HK\$18,900,000, representing a net subscription price of approximately HK\$0.108 per Warrant. The aggregate net proceeds from the Placing and the exercise of the subscription rights attaching to the Warrants are intended to be used as general working capital of the Group and/or for financing future investment opportunities.

CHANGES OF SHAREHOLDING STRUCTURE

Assuming all the Warrants are placed, a total of 175,000,000 Warrants are proposed to be issued, upon full exercise of the subscription rights attaching to the Warrants and based on the Subscription Price, a total of 175,000,000 new Shares will be issued, representing (i) 2.41% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 2.35% of the issued share capital of the Company as enlarged by the allotment and issue of the new Shares upon full exercise of the subscription rights attaching to the Warrants.

Assuming there being no other changes in the share capital of the Company, the shareholding structure of the Company (i) as at the date of this announcement; and (ii) upon completion of the Placing (assuming that all of the 175,000,000 Warrants are placed with Placee(s) and all 175,000,000 Warrants are fully exercised) is as follows:

Shareholder	As at the date of this announcement		Immediately after the full exercise of the subscription rights attaching to the Warrants	
	No. of Shares	%	No. of Shares	%
Fairson Holdings (BVI) Limited (<i>Note</i>)	992,060,000	13.66%	992,060,000	13.34%
Placees	–	–	175,000,000	2.35%
Other public Shareholders	6,272,440,000	86.34%	6,272,440,000	84.31%
Total	<u>7,264,500,000</u>	<u>100.00%</u>	<u>7,439,500,000</u>	<u>100.00%</u>

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

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the new Shares to be issued upon the exercise of all Warrants, when aggregated with all other equity securities which remain to be issued on exercise of all other subscription rights, will not exceed 20% of the issued share capital of the Company.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

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

Save for the above, the Company had not conducted any equity fund raising activities in the twelve months prior to the date of this announcement.

Completion of the Placing is subject to the satisfaction of the conditions precedent as set out above. As the Placing may or may not complete, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“Board”	the board of Directors
“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
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 31 July 2013 to allot, issue and deal with up to 132,000,000 new Shares, which was adjusted to 1,320,000,000 Shares upon the subdivision of shares becoming effective on 25 March 2014, being 20% of the then issued share capital of the Company as at the date of the said annual general meeting;
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	a party who is not a Connected Person of the Company and is independent of any Connected Person of the Company

“Issue Price”	the issue price of the Warrants, which shall be HK\$0.04 per Warrant
“Listing Committee”	the Listing Committee of the Stock Exchange
“Placee(s)”	any individual, institutional or other professional investor(s) who is an Independent Third Party procured by the Placing Agent to subscribe for any of the Warrants pursuant to the Placing Agreement
“Placing”	the placing of the Warrants by the Company pursuant to the terms of the Placing Agreement
“Placing Agent”	KGI Asia Limited, a corporation licensed to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the placing agreement dated 29 July 2014 entered into between the Company and the Placing Agent in respect of the Placing
“Placing Period”	the period commencing upon the execution of the Placing Agreement and terminating at 5:00 p.m. on 7 August 2014 (or such other time or date as the parties to the Placing Agreement agree in writing)
“Share(s)”	ordinary share(s) of HK\$0.0001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	initial subscription price of HK\$0.108 per Subscription Share
“Subscription Share(s)”	the Share(s) which may fall to be allotted and issued upon exercise of the subscription rights attaching to the Warrants
“Warrant(s)”	up to 175,000,000 non-listed warrants to be issued by the Company pursuant to the Placing Agreement and the terms and conditions to the Warrant Instrument

“Warrant Instrument”	the instrument to be entered into by the Company constituting the Warrants, substantially in the form of the draft set out in a schedule to the Placing Agreement
“Warrantholder(s)”	holder(s) of the Warrants
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 29 July 2014

As at the date of this announcement, the executive Directors are Mr. Yeung Shing Wai and Mr. Ho Chun Kit Gregory; the non-executive Directors are Mr. Tse Yee Hin, Tony and Mr. Chan Lung Ming 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.chinaoilgangran.com and <http://chinaoilgangran.todayir.com>.