

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company.



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

**DISCLOSEABLE TRANSACTION
IN RELATION TO
ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF
INSTANT STRONG GROUP LIMITED
INVOLVING ISSUE OF CONSIDERATION SHARES
UNDER GENERAL MANDATE**

THE ACQUISITION

On 23 November 2015 (after trading hours), the Vendor and the Purchaser entered into the Acquisition Agreement pursuant to which the Vendor agreed to sell to the Purchaser and the Purchaser agreed to purchase from the Vendor the Sale Share, representing the entire issued share capital of the Target Company, at an aggregate Consideration of HK\$200,000,000.

The Consideration shall be satisfied as to partly by cash and partly by the Consideration Shares, which shall be issued under the General Mandate.

LISTING RULES IMPLICATIONS ON THE ACQUISITION

As one or more of the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the reporting and announcement requirements but is exempted from independent shareholders' approval requirement.

THE ACQUISITION AGREEMENT

Date

23 November 2015 (after trading hours)

Parties

Vendor: Wong Sze Chung Armstrong, being the sole legal and beneficial owner of the Target Company

Purchaser: New Skyline Group Limited, a wholly-owned subsidiary of the Company

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Vendor is an Independent Third Party.

Asset to be acquired

Subject to and in accordance with the terms and conditions of the Acquisition Agreement, the Company has conditionally agreed to purchase from the Vendor and the Vendor has conditionally agreed to sell to the Purchaser the Sale Share, representing the entire issued share capital of the Target Company as at the date of this announcement.

As at the date of this announcement, the Target Company holds 15% of the entire issued share capital of Wide Code New Materials which will enter into a sale and purchase agreement with Wide Code Neo-Material to acquire the entire equity interest of Wuhu Weixiang before the Completion Date.

Consideration

The aggregate Consideration for the Sale Share is HK\$200,000,000 which shall be satisfied by the Purchaser in the following manner:

- (i) a refundable deposit of HK\$500,000 shall be payable by the Purchaser in cash in favour of the Vendor (or his nominee(s) as he may direct) upon entering into of the Acquisition Agreement (or such other date as agreed by the parties);
- (ii) HK\$19,500,000 shall be payable by the Purchaser in cash in favour of the Vendor (or his nominee(s) as he may direct) on the Completion Date (or such other date as agreed by the parties);

- (iii) an aggregate HK\$15,000,000 shall be advanced by the Purchaser (in the name of the Vendor) to Wide Code New Materials as the Shareholder's Loan, by 3 equal installments, namely on the Completion Date, 30 January 2016 and the day falling 12 months after the Completion Date respectively;
- (iv) HK\$60,000,000 by the allotment and issue of a total of 468,750,000 First Trench Consideration Shares credited as fully paid at HK\$0.128 per First Trench Consideration Share to the Vendor on Completion Date (or such other date as agreed by the parties); and
- (v) HK\$105,000,000 by the allotment and issue of a total of 820,312,500 Second Trench Consideration Shares credited as fully paid at HK\$0.128 per Second Trench Consideration Share to the Vendor on the day falling 30 days after the issue of the Auditor Certificate for the Relevant Period.

The Consideration was determined based on arm's length negotiations between the Vendor and the Purchaser with reference to (i) the valuation report dated 4 September 2015 prepared by the Valuer showing that the fair value of the Wuhu Weixiang was valued at RMB1,115,000,000; (ii) the Target Turnover of Wuhu Weixiang for the Relevant Period; and (iii) the business and growth prospects of the Group after the Acquisition.

Issue of the Consideration Shares

The Consideration Shares up to 1,289,062,500 Shares representing:

- (a) approximately 13.35% of the issued share capital of the Company as at the date of this announcement; and
- (b) approximately 11.78% of the issued share capital of the Company as enlarged by the issue and allotment of the Consideration Shares.

Issue Price of the Consideration Shares

The issue price of the Consideration Shares of HK\$0.128 per Consideration Share, represents:

- (a) a discount of approximately 5.19% to the closing price of HK\$ 0.135 per Share as quoted on the Stock Exchange on 23 November 2015, being the date of the Acquisition Agreement;
- (b) a discount of approximately 1.54% to the average closing price of approximately HK\$0.130 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to the date of the Acquisition Agreement; and

- (c) a discount of approximately 0.78% to the average closing price of approximately HK\$ 0.129 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days immediately prior to the date of the Acquisition Agreement.

The Consideration shares shall be allotted and issued pursuant to the General Mandate. The Consideration Shares to be allotted and issued shall rank *pari passu* among themselves with all Shares in issue as on the date of issue of the Consideration Shares. An application will be made to the Stock Exchange for the listing of and permission to deal in the Consideration Shares.

The Shareholder's Loan

The due advancement of the Shareholder's Loan by the Purchaser to Wide Code New Materials in the name of the Vendor shall be deemed to be due payment of the HK\$15,000,000 to the Vendor. Wide Code New Materials shall repay HK\$15,000,000 to the Vendor according to the provisions of the Acquisition Agreement.

Adjustment to Second Trench Consideration Shares

In the event that the turnover of Wuhu Weixiang for the Relevant Period is less than HK\$105,000,000, the number of Second Trench Consideration Shares to be issued shall be reduced accordingly. The actual turnover of Wuhu Weixiang for the Relevant Period shall be audited by an independent auditor within 1 month from the expiry of the Relevant Period and the independent auditor shall issue the Auditor Certificate in this respect.

Conditions precedent

Completion of the Acquisition is subject to, inter alia, the following conditions:–

- (i) the completion of a due diligence exercise to be carried out by the Purchaser in respect of the financial position, books and records and businesses of the Target Group, and the relevant results being satisfactory to the Purchaser in its absolute discretion;
- (ii) the Stock Exchange having granted or having agreed to grant the listing of, and permission to deal in, the Consideration Shares;
- (iii) the obtaining by the Company and the Purchaser of all necessary waivers, consents, approvals, permissions, authorizations from relevant organizations, institutions, government and regulatory authorities in respect of the Acquisition;

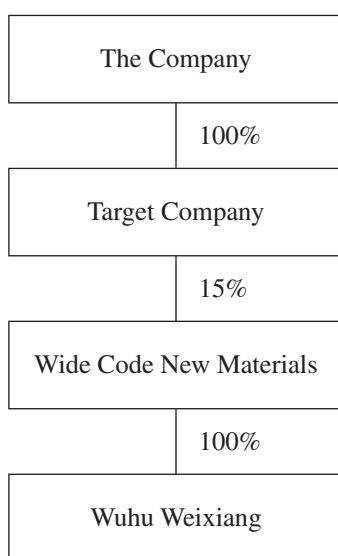
- (iv) the completion of the acquisition of entire equity interest of Wuhu Weixiang by Wide Code New Materials and the relevant registration having been completed and of all necessary waivers, consents, approvals, permissions, authorizations relating thereto having been obtained;
- (v) the obtaining of legal opinion issued by legal advisers as to the PRC law relating to the acquisition of entire equity interest of Wuhu Weixiang, which shall be in the form and substance satisfactory to the Purchaser;
- (vi) the Target Company shall have repaid to the Vendor the shareholder loan, if any; and
- (vii) all the representations, warranties and undertakings of the Vendor remaining true and accurate as at Completion, for which the Vendor shall have performed or complied with at or before Completion (as the case may be).

If the above conditions shall not have been fulfilled (or waived by the Purchaser) on or before the Long Stop Date (or such other date as agreed by the parties), the Acquisition Agreement shall, subject to certain provisions of the Acquisition Agreement, cease to have effect and the Vendor shall return the deposit of HK\$500,000 to the Purchaser immediately.

Completion

Completion shall take place on the 5th business day from the date of fulfillment of the conditions precedent, or such date as may be agreed in writing between the Purchaser and the Vendor.

Upon Completion, the Target Company shall become a wholly-owned subsidiary of the Company, but Wide Code New Materials and Wuhu Weixiang will not be subsidiaries of the Company.



INFORMATION ON THE TARGET GROUP

The Target Company is an investment holding company incorporated in the British Virgin Islands with limited liability on 14 December 2014.

The sole asset of the Target Company is the 15% legal and beneficial interest in Wide Code New Materials, which is an investment holding company incorporated in Hong Kong with limited liability on 26 June 2013. Upon Completion, Wide Code New Materials will hold the entire equity interest of Wuhu Weixiang which is a company established in PRC with limited liability on 2 July 2002 and is principally engaged in the production, sale and research and development of neo-material in the PRC.

Wuhu Weixiang produces ultra-fine composite active ground calcium carbonate powder and functional composite master batch, which are broadly applied in plastic, paint, paper and rubber products manufacturing industries. Wuhu Weixiang is planning to engage in the calcite ore trading business in the future.

A summary of the unaudited financial information of the Target Group for the two years ended 31 December 2013 and 2014 are set out below:

	For the year ended 31 December 2013 (HK\$'000)	For the year ended 31 December 2014 (HK\$'000)
Net loss (before taxation and extraordinary items)	10,738,280	10,049,212
Net loss (after taxation and extraordinary items)	10,738,280	10,049,212

Based on the valuation basis, valuation assumptions and the appraisal method employed by the Valuer, the fair value of the Wuhu Weixiang was reasonably represented by the sum of RMB1,115,000,000 as at 4 September 2015.

REASONS FOR THE ACQUISITION

The principal activity of the Company is investment holding company. The Group is principally engaged in the development of liquefied natural gas, compressed natural gas, provision of programming services, web services, mobile marketing solutions and development of mobile phone games, and sales and manufacture of power and data cords.

The Company intends to invest in business of neo-material, with a view to broadening the Group's revenue source, enhancing the performance of the Group, creating value for the Shareholders and increasing Shareholders' return. The Board believes that the Acquisition is consistent with the development strategy of the Company. The Directors are of the view that after the Acquisition, the Target Company and its investment in Wuhu Weixiang will contribute positively to the financial performance and will enlarge the income sources of the Group.

The Directors consider that the Acquisition Agreement was entered into after arm's length negotiation between the Purchaser and the Vendor and the terms therein are on normal commercial terms and the Acquisition is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS ON THE ACQUISITION

As the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Acquisition is more than 5% but are less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is exempted from independent shareholders' approval requirement but is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Acquisition”	the acquisition of the entire issued share capital of the Target Company;
“Acquisition Agreement”	the acquisition agreement dated 23 November 2015 entered into between the Purchaser and the Vendor in relation to the Acquisition;
“Auditor Certificate”	the certificate issued by an independent auditor auditing the actual turnover of Wuhu Weixiang for the Relevant Period;
“Board”	the board of Directors of the Company;
“Business Day”	means any day (excluding Saturday and Sunday) on which licensed banks in Hong Kong are open to the general public for business;

“Company”	China Oil Gangran Energy Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the GEM (Stock Code: 8132);
“Completion”	the completion of the Acquisition in accordance with the terms and conditions of the Acquisition Agreement;
“Completion Date”	the 5th Business Day after the fulfillment or wavier of all the conditions precedent stipulated in the Acquisition Agreement;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Consideration”	the total consideration of HK\$200,000,000 for the Acquisition pursuant to the Acquisition Agreement;
“Consideration Shares”	the First Trench Consideration Shares and the Second Trench Consideration Shares;
“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 held on 20 July 2015, among other things, to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the annual general meeting;
“Group”	the Company and its subsidiaries;
“First Trench Consideration Shares”	468,750,000 Shares to be issued by the Company to the Vendor (or to his nominee(s) as he may direct) as part of the Consideration on the Completion Date;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;

“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Third Party”	a party and, if applicable, the ultimate beneficial owner of the party who does not fall into the definition of connected persons of the Company under Chapter 20 of the GEM Listing Rules and independent of the connected persons of the Company and their associates (as defined in the GEM Listing Rules);
“Long Stop Date”	22 February 2016;
“PRC”	the People’s Republic of China, and for the purposes of this announcement, excluding Hong Kong, Macau and Taiwan;
“Purchaser”	New Skyline Group Limited (新天集團有限公司), a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company;
“Relevant Period”	the period from 1 October 2015 to 30 September 2016;
“Sale Share”	1 ordinary share of US\$1.00 each in the share capital of the Target Company, representing the entire issued share capital in the Target Company immediately before Completion;
“Second Trench Consideration Shares”	820,312,500 Shares to be issued by the Company to the Vendor (or to his nominee(s) as he may direct) as part of the Consideration on the day falling 30 days after the issue of the Auditor’s Certificate;
“Share(s)”	ordinary share(s) of HK\$0.0001 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of Shares;
“Shareholder’s Loan”	an aggregate loan of HK\$15,000,000 being the partial Consideration which shall be advanced by the Purchaser (in the name of the Vendor) to Wide Code New Materials;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“Target Company”	Instant Strong Group Limited 迅堅集團有限公司, a company incorporated in the British Virgin Islands with limited liability and is wholly owned by the Vendor;
“Target Group”	Target Company, Wide Code New Materials and Wuhu Weixiang;
“Target Turnover”	Wuhu Weixiang’s target turnover for the Relevant Period being HK\$105,000,000;
“Valuer”	Norton Appraisals Limited, a professional valuer;
“Vendor”	Wong Sze Chung Armstrong, the sole legal and beneficial owner of the Sale Share;
“Wide Code Neo-Material”	Wide Code Neo-Material Company Limited (韋確超新材料有限公司), a company incorporated in Hong Kong with limited liability;
“Wide Code New Materials”	Wide Code New Materials Development Company Limited (偉確新材料發展有限公司), a company incorporated in Hong Kong with limited liability and is owned as to 15% by the Target Company;
“Wuhu Weixiang”	Wuhu Weixiang Chaoweicailiao Company Limited* (蕪湖偉翔超微材料有限公司), a company established in PRC with limited liability and will be wholly-owned by Wide Code New Materials on or before the Completion Date;
“%”	per cent.

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

Hong Kong, 23 November 2015

* *For identification purpose only*

As at the date of this announcement, the executive Directors are Mr. Zou Donghai, Mr. Rong Changjun, Mr. Zhang Xueming, Mr. Ho Chun Kit Gregory 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.chinaoilgran.com and <http://chinaoilgran.todayir.com>.