

---

## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

---

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Oil Gangran Energy Group Holdings Limited (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, 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 circular.

---



## 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

### REFRESHMENT OF GENERAL MANDATE REFRESHMENT OF SCHEME MANDATE LIMIT UNDER THE SHARE OPTION SCHEME AND NOTICE OF EXTRAORDINARY GENERAL MEETING

Independent Financial Adviser to  
the Independent Board Committee and the Independent Shareholders

 川盟融資有限公司  
Chanceton Capital Partners Limited

---

Capitalized terms used in this cover page have the same meanings as those defined in this circular.

A letter from the Board is set out on pages 4 to 16 of this circular. A letter from the Independent Board Committee is set out on page 17 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 18 to 31 of this circular.

A notice convening the EGM of the Company to be held at Jade Room, Marco Polo Hong Kong Hotel, Harbour City, 3 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong on Wednesday, 3 December 2014 at 10:00 a.m. or any adjournment thereof is set out on pages 32 to 35 of this circular. Whether or not you are able to attend the EGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting at the EGM or any adjournment thereof (as the case may be) should you so wish.

18 November 2014

---

## CHARACTERISTICS OF GEM

---

**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

---

## CONTENTS

---

	<i>Page</i>
<b>Definitions</b> .....	1
<b>Letter from the Board</b> .....	4
<b>Letter from the Independent Board Committee</b> .....	17
<b>Letter from Chanceton</b> .....	18
<b>Notice of the EGM</b> .....	32

---

## DEFINITIONS

---

*In this circular, the following expressions shall have the following meanings unless the context requires otherwise:*

“AGM”	the annual general meeting of the Company held on 30 July 2014
“associate”	shall have the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors of the Company
“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 whose its shares are listed on GEM
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held for the purpose of considering and, if thought fit, approving the Refreshment of General Mandate and the Refreshment of Scheme Mandate Limit
“Eligible Participants”	the eligible participants of the Share Option Scheme, namely any executive or non-executive Director including any independent non-executive Director or any employee (whether full-time or part-time) of any member of the Group; any adviser or consultant (in the areas of legal, technical, financial or corporate managerial) to the Group; any provider of goods and/or services to the Group; any other person who the Board considers, in its sole discretion, has contributed to the Group; and any trustee of a trust (whether family, discretionary or otherwise) whose beneficiaries or objects include any of those of above
“Existing General Mandate”	the general mandate duly approved and granted by the Shareholders at the AGM to the Directors to allot, issue and deal with a maximum of 1,452,900,000 new Shares, representing 20% of the issued share capital of the Company as at the date of the AGM

---

## DEFINITIONS

---

“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Committee”	The GEM Listing Committee of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board, comprising all the independent non-executive Directors, namely Ms. Eugenia Yang, Mr. Ng Ka Chung and Mr. Lau Sung Tat, Vincent, established to advise the Independent Shareholders in respect of the Refreshment of General Mandate
“Independent Financial Adviser” or “Chanceton”	Chanceton Capital Partners Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Refreshment of General Mandate
“Independent Shareholder(s)”	any Shareholder(s) other than the controlling Shareholders and their respective associates or, if there is no controlling Shareholder, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates
“Independent Third Party(ies)”	third parties independent of and not connected with the Directors, chief executive and substantial Shareholders of the Company or any of its subsidiaries, or any of their respective associates
“Issue Mandate”	the new mandate proposed to be sought at the EGM to authorize the Directors to allot, issue and deal with Shares not exceeding 20% of the issued share capital of the Company as at the date of passing of the relevant resolution at the EGM

---

## DEFINITIONS

---

“Latest Practicable Date”	14 November 2014, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
“Option(s)”	any option(s) granted or to be granted to Eligible Participant(s) to subscribe for Share(s) under the Share Option Scheme
“PRC”	the People’s Republic of China
“Refreshment of General Mandate”	the proposed refreshment of the Existing General Mandate and the grant of the Issue Mandate
“Refreshment of Scheme Mandate Limit”	the proposed refreshment of the Scheme Mandate Limit and the grant of the refreshed Scheme Mandate Limit
“RMB”	Renminbi, the lawful currency of the PRC
“Scheme Mandate Limit”	the maximum number of Shares which may be allotted and issued upon the exercise of all Options which initially shall not in aggregate exceed 10% of the Shares in issue as at the date of adoption of the Share Option Scheme
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.0001 each in the share capital of the Company
“Share Subdivision”	the subdivision of shares of every existing share (both issued and unissued) of par value of HK\$0.001 into ten (10) new shares of par value of HK\$0.0001 each approved by the Shareholders on 24 March 2014
“Share Option Scheme”	the share option scheme currently in force and adopted by the Company on 27 April 2011
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

*In the event of any inconsistency, the English text of this circular shall prevail over the Chinese text.*

---

## LETTER FROM THE BOARD

---



# 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**

*Executive Directors:*

Mr. Zou Donghai (*Chairman*)

Mr. Zhang Xueming

Mr. Yeung Shing Wai

Mr. Ho Chun Kit Gregory

Mr. Chan Lung Ming

*Non-executive Director:*

Mr. Tse Yee Hin, Tony

*Independent non-executive Directors:*

Ms. Eugenia Yang

Mr. Ng Ka Chung

Mr. Lau Sung Tat, Vincent

*Registered office:*

Cricket Square, Hutchins Drive

P.O. Box 2681, Grand Cayman,

KY1-1111, Cayman Islands

*Principal Place of Business:*

Suites 707-9, 7th Floor,

Prudential Tower, The Gateway,

Harbour City, Tsim Sha Tsui,

Kowloon, Hong Kong

18 November 2014

*To the Shareholders*

Dear Sir or Madam,

**REFRESHMENT OF GENERAL MANDATE  
REFRESHMENT OF SCHEME MANDATE LIMIT  
UNDER SHARE OPTION SCHEME  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**INTRODUCTION**

The purpose of this circular is to provide you with (i) details relating to the Refreshment of General Mandate and the Refreshment of Scheme Mandate Limit; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Refreshment of General Mandate; (iii) a letter of advice from the Independent Financial Adviser setting out, among other things, its recommendation to the Independent Board Committee and the Independent Shareholders in relation to the Refreshment of General Mandate; and (iv) the notice of EGM for the EGM to be convened and held for the purpose of considering and, if thought fit, approving the resolutions for the Refreshment of General Mandate and the Refreshment of Scheme Mandate Limit.

---

## LETTER FROM THE BOARD

---

### REFRESHMENT OF GENERAL MANDATE

#### Background of the Group

The Group is principally engaged in the development of liquefied natural gas, compressed natural gas and related clean energy business, development of digital applications, including but not limited to handheld electronic game consoles, mobile game applications, digital marketing solutions, and the manufacturing and trading of power and data cords for household electronic appliances, mobile phones and medical control services.

The business in the areas of liquefied natural gas, mobile phone games and digital applications are relatively new to the Group and are in the initial operation stage. The Group will focus on accelerating the development of its clean energy business, which will be complemented by such business segments of mobile phone games and data cords together with opportunities in other industries as the Board considers suitable.

To capture potential business opportunities in other industries, the Company has entered into memorandum of understandings in relation to the investment in projects and companies of other industries. The Company entered into memorandum of understanding and supplemental memorandum of understanding on 10 January 2014 and 9 October 2014 respectively in relation to the acquisition of centralized heating project and quartz stone. The Company also entered into memorandum of understanding and supplemental memorandum of understanding on 7 August 2014 and 20 October 2014 respectively in relation to the investment in float glass business. Details of the aforesaid acquisition and investment have been disclosed in the Company's announcements dated 10 January 2014, 7 August 2014, 9 October 2014 and 20 October 2014. As at the Latest Practicable Date, the Company is still in the course of conducting due diligence on the target companies and no legally binding agreements have been entered into.

Save and except the aforesaid potential acquisition and investments, the Board keeps on seeking for appropriate business opportunities for the Company which will have greater potential returns and may enhance the earnings per Share of the Group. As at the Latest Practicable Date, the Company is still in the process of discussing with the potential parties and no concrete plan has been finalized.

The Group's operation is principally financed by the cashflow generated from the Group's operating activities and the funds raised mainly through, inter alia, the various placing of shares and convertible bonds. As at the Latest Practicable Date, the Company has outstanding convertible bonds in the total amount of HK\$113.8 million and outstanding promissory notes in the total amount of HK\$92.9 million. The outstanding convertible bonds carry an interest at the rate of 12.5% per annum and will mature on various dates from July 2015 to January 2016. The outstanding promissory notes carry interest at the rates ranging from 2.5% to 10% depending on the term of the promissory notes. The outstanding promissory notes have terms of 1 year, 2 years, 3 years and 7 years and will mature in 2015, 2017, 2020 and 2021. For illustration purpose, the sum payable by the Company from the Latest Practicable Date till November 2015 pursuant to the terms of the outstanding convertible bonds and promissory notes amounts to approximately HK\$135.1 million on the assumption that the convertible bonds have not been exercised or redeemed.



---

## LETTER FROM THE BOARD

---

As at 30 September 2014, the Group has a positive general working capital. The Group and the Company's capital commitments are as follows:-

- (a) As at 30 September 2014, the Group's capital commitments for the acquisition of property, plant and equipment, which were contracted for but not provided in the financial statements, were amounted to HK\$141,940.
- (b) On 11 December 2013, the Company established a wholly owned subsidiary, Jilin China Oil Gangran Energy Development Company Limited ("**Jilin China Oil**") in the PRC with registered capital of HK\$100,000,000. As at 30 September 2014, the Company has contributed HK\$50,000,000 to Jilin China Oil. In accordance with the memorandum of association of Jilin China Oil, the remaining balance of HK\$50,000,000, shall be contributed to Jilin China Oil on or before December 2015.
- (c) On 2 December 2013, the Company and two other parties established a sino-foreign equity joint venture, 江西中油港燃能源科技有限責任公司 ("**江西中油**") in the PRC with registered capital of RMB100,000,000 (equivalent to HK\$125,000,000), of which RMB51,000,000 (equivalent to HK\$63,750,000) is required to be contributed by the Company. At at the Latest Practicable Date, the Company has already made the full contribution.

In addition, based on the unaudited management account for the six months ended 30 September 2014, the average monthly general working capital requirement of the Group was approximately HK\$4 million, mainly comprising of (i) rental expenses of approximately HK\$0.74 million; (ii) staff salary and directors remuneration of approximately HK\$1.7 million; and (iii) corporate and professional fees of approximately HK\$1 million.

---

## LETTER FROM THE BOARD

---

### Reasons for the Refreshment of General Mandate

At the AGM, the Shareholders approved, among other things, an ordinary resolution to grant to the Directors the Existing General Mandate to allot, issue and deal with up to 1,452,900,000 new Shares, representing 20% of the aggregate nominal amount of issued Shares as at the date of the AGM. The Existing General Mandate has been fully utilized as a result of the placing of 1,452,900,000 Shares as set out in the Company's announcements dated 2 September 2014, 8 September 2014 and 24 September 2014. There has not been any refreshment of the Existing General Mandate since the AGM up to the Latest Practicable Date.

The Board considers that the proposed refreshment of the Existing General Mandate will enable the Group to conduct fund raising activities as and when opportunities arise. The Company has just completed the placing of Shares in September 2014 and raised approximately HK\$141.6 million, of which approximately HK\$62.6 million has been utilized and the remaining HK\$79 million has been kept as general working capital of the Group and for the repayment of the outstanding convertible bonds and promissory notes before November 2015. The said HK\$79 million is not sufficient to fully cover the daily operation of the Group and the outstanding amount of convertible bonds and promissory note payable (inclusive of the principal amount and the interests accrued thereon) before November 2015.

In light of the aforesaid needs of funds, and for the expansion of business of the Group, the Company considers that it is important for the Company to have flexibility on conducting fund raising activities as and when opportunities arise. Given that equity financing (i) does not incur any interest paying obligations on the Group as compared with bank financing; (ii) is less costly and time-consuming than raising funds by way of rights issue or open offer; and (iii) provides the Company with the capability to capture any capital raising or prospective investment opportunities as and when it arises, the Board proposes to refresh the Existing General Mandate for the Directors to allot, issue and deal with new Shares with an aggregate nominal amount of not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the EGM.

The Company will consider seeking Shareholders' approval for a specific mandate to issue new shares if appropriate in the circumstances, but specific mandate requires relatively long time to allot and issue new Shares as compared with utilizing the general mandate and hence specific mandate does not provide the Company with the flexibility to grasp the prospective investment opportunity in a timely manner.

---

## LETTER FROM THE BOARD

---

As at the Latest Practicable Date, save as disclosed above, the Company has not identified any other investment opportunities and/or future business development plan with specific funding needs. The Company has no concrete plan for raising capital by issuing new Shares as at the Latest Practicable Date. If any potential investors offer attractive terms for investment in the Shares, the Company will consider (subject to the then market conditions) and may conduct fund raising exercise(s) involving issue of new Shares, the proceeds of which may be used as (i) funds for satisfying the Group's capital commitment and repayment obligations under the convertible bonds and promissory notes; (ii) funding for possible acquisition(s) of the Group in the future (if any); and/or (iii) general working capital of the Group.

### Fund raising activities in the past twelve months

Save for the proposed placing of 66,000,000 and 175,000,000 warrants as set out in the announcements of the Company dated 5 September 2013 and 29 July 2014 respectively, all of which were subsequently lapsed and save as disclosed below, the Company has not undertaken any equity fund raising activities in the past twelve months immediately preceding the Latest Practicable Date.

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 for the injection of registered capital into the Company's wholly owned subsidiary, Jilin China Oil Gangran Energy Development Company Limited

---

## LETTER FROM THE BOARD

---

Date of announcement	Method of fund raising	Net proceeds received	Intended use of proceeds	Actual use of proceeds
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	Approximately HK\$8 million was applied as earnest money for a proposed investment, details of which can be refer to the announcement dated 7 August 2014. Approximately HK\$5.2 million was applied as repayment of promissory notes and its respective interests that were due in July 2014. The remaining HK\$5 million was used as repayment of promissory notes and its respective interests that were due in August 2014
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	The proceeds were used as repayment of promissory notes and its respective interests that were due in August 2014
2 September 2014	Placing of Shares	Approximately HK\$141.6 million	General working capital of the Group and/or for financing future investment opportunities	Used approximately HK\$20.4 million for the payment of registered capital of a joint-venture company named as 江西中油港燃能源科技有限責任公司 as the remaining contribution by the Company. Approximately HK\$18.2 million was used as repayment of promissory notes and its respective interests that were due in September and October 2014. Approximately HK\$24 million was applied as second deposit in relation to the proposed investment, details of which please refer to the announcement 20 October 2014. The remaining balance of HK\$79 million will be applied as general working capital of the Group

---

## LETTER FROM THE BOARD

---

### General

As at the Latest Practicable Date, a total of 8,717,400,000 Shares were in issue. An ordinary resolution will be proposed for the Independent Shareholders to approve the refreshment of General Mandate to authorise the Directors to allot, issue and deal with Shares not exceeding 20% of the issued share capital of the Company as at the date of the EGM by way of poll at the EGM.

Subject to the passing of the proposed resolution for the Refreshment of General Mandate by the Independent Shareholders at the EGM by way of poll and on the basis that no Share(s) will be issued or repurchased by the Company prior to the EGM, the Company will be allowed under the Issue Mandate to issue 1,743,480,000 Shares. The Company would exercise due and careful consideration when choosing the best financing method available to the Group.

The Issue Mandate will, if granted, remain effective until the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the date by which the next annual general meeting is required to be held; and (iii) the date upon which such authority is revoked or varied by an ordinary resolution of the Shareholders in a general meeting of the Company.

The Independent Board Committee, comprising Ms. Eugenia Yang, Mr. Ng Ka Chung and Mr. Lau Sung Tat Vincent all being the independent non-executive Directors, has been formed to consider the Refreshment of General Mandate. Chanceton has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the Refreshment of General Mandate.

### Implication under the Listing Rules

Pursuant to Rule 17.42A(1) of the GEM Listing Rules, the Refreshment of General Mandate requires the approval of the Independent Shareholders at the EGM at which any controlling Shareholders (as defined under the GEM Listing Rules) and their associates or, where there are no controlling Shareholders, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the Refreshment of General Mandate. As the Company has no controlling shareholder as at the Latest Practicable Date, the executive Directors, namely Mr. Zou Donghai, Mr. Zhang Xueming, Mr. Yeung Shing Wai, Mr. Ho Chun Kit Gregory and Mr. Chan Lung Ming; and the non-executive Director namely Mr. Tse Yee Hin, Tony and their respective associates shall abstain from voting in favour of the resolution to approve the Refreshment of General Mandate. As at the Latest Practicable Date, the aforesaid Directors and their respective associates do not control and are not entitled to exercise control over any voting rights of any Shares.

---

## LETTER FROM THE BOARD

---

Pursuant to Rule 17.47(4) of the GEM Listing Rules, any vote of Shareholders at a general meeting must be taken by poll except for purely procedural or administrative matters. Accordingly, the proposed resolutions will be put to vote by way of poll at the EGM. An announcement regarding the poll results will be published by the Company after the EGM in the manner prescribed under Rule 17.47(5) of the GEM Listing Rules.

### REFRESHMENT OF SCHEME MANDATE LIMIT UNDER SHARE OPTION SCHEME

Pursuant to a resolution approved by the resolution of the sole shareholder passed on 27 April 2011, the Share Option Scheme was adopted.

The purpose of the Share Option Scheme is to enable the Company to grant Options to selected Eligible Participants as incentives to strive for future developments and expansion of the Group. The subscription price for the Shares under the Share Option Scheme shall be a price determined by the Board at its sole discretion and shall be no less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer for the grant, which must be a business day, (ii) the average closing prices of the Shares as stated in the Stock Exchange's daily quotations sheet for the 5 business days immediately preceding the date of the offer for the grant; and (iii) the nominal value of a Share.

Apart from the Share Option Scheme, the Company has no other share option scheme in place.

Pursuant to the Share Option Scheme, the total number of Shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme must not, in aggregate, exceed 10% of the Shares in issue as at the date of approving the Scheme Mandate Limit. The Scheme Mandate Limit may be refreshed by Shareholders in general meeting from time to time.

Up to the Latest Practicable Date, 55,000,000 Options (equivalent to 550,000,000 Options after the Share Subdivision) were granted to the Eligible Participants under the Share Option Scheme, that have not lapsed or have not been cancelled. The Scheme Mandate Limit was fully used up. The options granted can be exercised within a period of 10 years from the respective date of grant.

#### Options granted on 17 September 2013

No. of Options granted:	44,000,000 ( <i>note 1</i> )
Exercise price per Share	HK\$2.18 ( <i>note 2</i> )
Exercised up to the Latest Practicable Date:	Nil
Lapsed up to the Latest Practicable Date:	38,500,000 ( <i>note 3</i> )
Cancelled up to the Latest Practicable Date:	Nil
Outstanding up to the Latest Practicable Date:	5,500,000 ( <i>note 4</i> )

---

## LETTER FROM THE BOARD

---

### Options granted on 10 October 2013

No. of Options granted:	5,500,000 (note 5)
Exercise price per Share	HK\$1.956 (note 6)
Exercised up to the Latest Practicable Date:	Nil
Lapsed up to the Latest Practicable Date:	Nil
Cancelled up to the Latest Practicable Date:	Nil
Outstanding up to the Latest Practicable Date:	5,500,000 (note 5)

### Options granted on 13 January 2014

No. of Options granted:	11,000,000 (note 8)
Exercise price per Share	HK\$1.57 (note 7)
Exercised up to the Latest Practicable Date:	Nil
Lapsed up to the Latest Practicable Date:	Nil
Cancelled up to the Latest Practicable Date:	Nil
Outstanding up to the Latest Practicable Date:	11,000,000 (note 8)

### Options granted on 14 July 2014

No. of Options granted:	165,000,000
Exercise price per Share	HK\$0.128
Exercised up to the Latest Practicable Date:	Nil
Lapsed up to the Latest Practicable Date:	Nil
Cancelled up to the Latest Practicable Date:	Nil
Outstanding up to the Latest Practicable Date:	165,000,000

### Options granted on 18 August 2014

No. of Options granted:	399,547,500
Exercise price per Share	HK\$0.112
Exercised up to the Latest Practicable Date:	Nil
Lapsed up to the Latest Practicable Date:	Nil
Cancelled up to the Latest Practicable Date:	399,547,500
Outstanding up to the Latest Practicable Date:	Nil

### Options granted on 21 August 2014

No. of Options granted:	110,000,000
Exercise price per Share	HK\$0.113
Exercised up to the Latest Practicable Date:	Nil
Lapsed up to the Latest Practicable Date:	Nil
Cancelled up to the Latest Practicable Date:	Nil
Outstanding up to the Latest Practicable Date:	110,000,000

---

## LETTER FROM THE BOARD

---

### Options granted on 23 September 2014

No. of Options granted:	55,000,000
Exercise price per Share	HK\$0.155
Exercised up to the Latest Practicable Date:	Nil
Lapsed up to the Latest Practicable Date:	Nil
Cancelled up to the Latest Practicable Date:	Nil
Outstanding up to the Latest Practicable Date:	55,000,000

(Note 1) equivalent to 440,000,000 Options after the Share Subdivision

(Note 2) the exercise price per Share is HK\$0.218 after the Share Subdivision

(Note 3) equivalent to 385,000,000 Options after the Share Subdivision

(Note 4) equivalent to 55,000,000 Options after the Share Subdivision

(Note 5) equivalent to 55,000,000 Options after the Share Subdivision

(Note 6) the exercise price per Share is HK\$0.1956 after the Share Subdivision

(Note 7) the exercise price per Share is HK\$0.157 after the Share Subdivision

(Note 8) equivalent to 110,000,000 Options after the Share Subdivision

Since the adoption of the Share Option Scheme, as at the Latest Practicable Date, the total outstanding Options granted and yet to be exercised are 550,000,000, which is approximately 6.3% of the Shares in issue. Such outstanding options were granted to 1 director of a subsidiary of the Company, 8 consultants and 1 employee of the Company on 17 September 2013, from 10 October 2013 to 21 August 2014 and 23 September 2014 respectively. The outstanding options are exercisable by the grantees up to 10 years from the aforesaid date of grant.

As the Scheme Mandate Limit has been fully utilized, the Directors consider that it is in the interest of the Company to refresh the Scheme Mandate Limit in accordance with the Share Option Scheme so that the Company has greater flexibility to provide incentives and rewards to the Eligible Participants for their contribution or potential contribution to the Group.

As at the Latest Practicable Date, there were 8,717,400,000 Shares in issue. Assuming no further Shares are issued and repurchased by the Company prior to the EGM, upon the approval of the Refreshment of Scheme Mandate Limit by the Shareholders at the EGM, the Scheme Mandate Limit (as refreshed) will allow the Company to grant Options under the Share Option Scheme entitling the holders thereof to subscribe for Shares not exceeding 10% of the issued share capital of the Company as at the date of approving the Refreshment of Scheme Mandate Limit which are 871,740,000 Shares.



---

## LETTER FROM THE BOARD

---

The limit on the number of Shares which may be allotted and issued upon exercise of all outstanding Options granted and yet to be exercised under the Share Option Scheme must not exceed 30% of the Shares in issue from time to time. As at the Latest Practicable Date, such number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the Share Option Scheme does not exceed 30% of the Shares in issue.

The Refreshment of Scheme Mandate Limit is conditional upon:

- (i) the passing of an ordinary resolution to approve the Refreshment of Scheme Mandate Limit at the EGM; and
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares (representing a maximum of 10% of the Shares in issue as at the date of passing the resolution of the Refreshment of Scheme Mandate Limit at the EGM) which may fall to be issued upon the exercise of the Options to be granted under the Share Option Scheme.

Application will be made to the Stock Exchange for the listing of, and permission to deal in the Shares, representing 10% of the Shares in issue as at the date of the EGM, which may fall to be issued upon the exercise of the Options that may be granted under the refreshed Scheme Mandate Limit.

### RECOMMENDATION

Chanceton has been appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Refreshment of General Mandate and consider that the Refreshment of General Mandate is in the interests of the Company and the Shareholders as a whole and is fair and reasonable so far as the Independent Shareholders are concerned. Your attention is drawn to the letter of advice from Chanceton containing its recommendation and the principal factors and reasons it has taken into account in arriving at its recommendation are set out in this circular.

The Independent Board Committee, having taken the advice of Chanceton into account, considers the terms of the Refreshment of General Mandate are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolution relating to the Refreshment of General Mandate. The full text of the letter from the Independent Board Committee is set out on page 17 of this circular and the text of the Letter from Chanceton containing its advice is set out on pages 18 to 31 of this circular.

---

## LETTER FROM THE BOARD

---

The Directors (including the independent non-executive Directors) are of the opinion that the Refreshment of General Mandate is fair and reasonable and is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that all Independent Shareholders should vote in favour of the resolution to be proposed at the EGM in relation to the Refreshment of General Mandate.

In addition, the Directors (including the independent non-executive Directors) are of the opinion that the Refreshment of Scheme Mandate Limit is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that all Shareholders should vote in favour of the resolution to be proposed at the EGM in relation to the Refreshment of Scheme Mandate Limit.

### EGM

A notice convening the EGM to be held at Jade Room, Marco Polo Hong Kong Hotel, Harbour City, 3 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong on Wednesday, 3 December 2014 at 10:00 a.m. is set out on pages 32 to 35 of this circular.

At the EGM, ordinary resolutions will be proposed to approve the proposed grant of the Issue Mandate and the Refreshment of Scheme Mandate Limit. A form of proxy for use at the EGM is also enclosed with this circular. Whether or not you are able to attend the meeting in person, you are requested to complete and return the accompanying form of proxy to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM of the Company. Completion and return of the form of proxy shall not preclude you from attending and voting at the EGM or any adjournment thereof (as the case may be) should you so wish.

Pursuant to Rule 17.47(4) of the GEM Listing Rules, any vote of the Shareholders at a general meeting of the Company must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, the resolutions to be considered and, if thought fit, approved at the EGM will be voted by way of a poll by the Shareholders. An announcement on the poll results will be made by the Company after the EGM in the manner prescribed under Rule 17.47(5) of the GEM Listing Rules.

---

## LETTER FROM THE BOARD

---

### RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules on the Stock Exchange 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 circular 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 circular misleading.

By order of the Board

**China Oil Gangran Energy Group Holdings Limited**

**Fok Joyce Sing Yan**

*Company Secretary*

---

## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

---

*The following is the full text of the letter of recommendation from the Independent Board Committee setting out its recommendation to the Independent Shareholders regarding the Refreshment of General Mandate for the purpose of incorporation in this circular.*



### 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**

18 November 2014

*To the Independent Shareholders*

Dear Sir or Madam,

#### **REFRESHMENT OF GENERAL MANDATE**

We refer to the circular of the Company dated 18 November 2014 (the “**Circular**”), of which this letter forms part. Terms as defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

We have been appointed to advise the Independent Shareholders in connection with the Refreshment of General Mandate. Chanceton has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

We are of the view that the Refreshment of General Mandate, after taking into account the advice of Chanceton as set out on pages 18 to 31 of the Circular, is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to approve the Refreshment of General Mandate.

Yours faithfully,

Independent Board Committee

**Ms. Eugenia Yang**

**Mr. Ng Ka Chung**

**Mr. Lau Sung Tat, Vincent**

*Independent Non-Executive Directors*

---

## LETTER FROM CHANCETON

---

*The following is the full text of the letter from the Independent Financial Adviser which sets out its advice to the Independent Board Committee and the Independent Shareholders for inclusion in this circular.*



18 November 2014

*To the Independent Board Committee and the Independent Shareholders of  
CHINA OIL GANGRAN ENERGY GROUP HOLDINGS LIMITED*

Dear Sirs/Madams,

### **REFRESHMENT OF GENERAL MANDATE**

#### **INTRODUCTION**

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in connection with the refreshment of the Existing General Mandate, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company to the Shareholders dated 18 November 2014 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

As the proposed refreshment of the Existing General Mandate is being made prior to the Company’s next annual general meeting, pursuant to Rule 17.42A(1) of the GEM Listing Rules, the refreshment of the Existing General Mandate is subject to the Independent Shareholders’ approval by way of an ordinary resolution at the EGM at which any of the controlling shareholders of the Company and their associates, or, where there are no controlling shareholders of the Company, all Directors (excluding the independent non-executive Directors) and the chief executive, if any, of the Company and their respective associates shall abstain from voting in favour of the resolution approving the refreshment of the Existing General Mandate. As the Company has no controlling shareholder as at the Latest Practicable Date, the executive Directors, namely Mr. Zou Donghai, Mr. Zhang Xueming, Mr. Yeung Shing Wai, Mr. Ho Chun Kit Gregory and Mr. Chan Lung Ming; and the non-executive Director namely Mr. Tse Yee Hin, Tony and their respective associates shall abstain from voting in favour of the resolution to approve the Refreshment of General Mandate. As at the Latest Practicable Date, the aforesaid Directors do not control and are not entitled to exercise control over any voting rights of any Shares.

---

## LETTER FROM CHANCETON

---

The Independent Board Committee, comprising all the independent non-executive Directors, namely Ms. Eugenia Yang, Mr. Ng Ka Chung and Mr. Lau Sung Tat, Vincent, has been established to give a recommendation to the Independent Shareholders as to (i) whether the proposed grant of the Issue Mandate is fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (ii) how to vote on the ordinary resolution to be proposed at the EGM in relation to the grant of the Issue Mandate. We, Chanceton Capital Limited, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

As at the Latest Practicable Date, we did not have any relationship with or interest in the Company or any other parties that could reasonably be regarded as relevant to our independence. In the last two years, we have acted as the independent financial adviser to the independent board committee and the independent shareholders of the Company for a continuing connected transaction in relation to the arrangement under a major transaction, details of which were set out in the circular of the Company dated 28 February 2014. Apart from normal professional fees paid or payable to us in connection with such previous appointment mentioned above as well as this appointment as the Independent Financial Adviser, no arrangements exist whereby we would receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that the aforementioned previous appointment would not affect our independence, and that we are independent pursuant to Rule 17.96 of the GEM Listing Rules.

### **BASIS OF OUR OPINION AND RECOMMENDATION**

In formulating our opinion, we have relied on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Directors and the management of the Company. We have assumed that all statements, information and representations provided by the Directors and the management of the Company, for which they are solely and wholly responsible, were true and accurate at the time when they were provided and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion and expectation made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information has been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Directors and the management of the Company. We believe that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, carried out any independent verification of the information provided by the Directors and the management of the Company, nor have we conducted an independent investigation into the business and affairs of the Group.

---

## LETTER FROM CHANCETON

---

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular the omission of which would make any statement in the Circular misleading.

This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the refreshment of the Existing General Mandate, and except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED IN RELATION TO THE REFRESHMENT OF GENERAL MANDATE**

In arriving at our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in relation to the Refreshment of General Mandate, we have considered the principal factors and reasons set out below:

#### **Background of and reason for the refreshment of Existing General Mandate**

The Group is principally engaged in the development of liquefied natural gas, compressed natural gas and related clean energy business, the development of digital applications, including but not limited to handheld electronic game consoles, mobile game applications, digital marketing solutions and the manufacturing and trading of power and data cords for household electronic appliances, mobile phones and medical control services.

At the AGM, the Shareholders approved, among other things, an ordinary resolution to grant to the Directors the Existing General Mandate to allot, issue and deal with up to 1,452,900,000 new Shares, representing 20% of the aggregate nominal amount of issued Shares as at the date of the AGM. The Existing General Mandate has been fully utilized as a result of the placing of 1,452,900,000 Shares as set out in the Company's announcements dated 2 September 2014, 8 September 2014 and 24 September 2014. There has not been any refreshment of the Existing General Mandate since the AGM up to the Latest Practicable Date.

---

## LETTER FROM CHANCETON

---

As advised by the management of the Company, the next annual general meeting is expected to be held in about July 2015, which is approximately 8 months away from the Latest Practicable Date. In order to maintain the flexibility for the Company to raise further funds through the issue of new Shares for its future business development and expansion and/or pursuing investment opportunities, the Board proposes to seek refreshment of the Existing General Mandate for the Directors to issue and allot new Shares not exceeding 20% of the issued share capital of the Company as at the date of passing such resolution.

As at the Latest Practicable Date, a total of 8,717,400,000 Shares were in issue. An ordinary resolution will be proposed for the Independent Shareholders to approve the refreshment of General Mandate to authorise the Directors to allot, issue and deal with Shares not exceeding 20% of the issued share capital of the Company as at the date of the EGM by way of poll at the EGM.

Subject to the passing of the proposed resolution for the Refreshment of General Mandate by the Independent Shareholders at the EGM by way of poll and on the basis that no Share(s) will be issued or repurchased by the Company prior to the EGM, the Company will be allowed under the Issue Mandate to issue 1,743,480,000 shares. The Company would exercise due and careful consideration when choosing the best financing method available to the Group.

The Issue Mandate will, if granted, remain effective until the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the date by which the next annual general meeting is required to be held; and (iii) the date upon which such authority is revoked or varied by an ordinary resolution of the Shareholders in a general meeting of the Company.

### **Enhance financial flexibility of the Group**

We noted that the Group has been actively diversifying the current business scopes of power and data cord and has extended the business into other industries, including mobile game and digital application and natural gas business.

During the financial year ended 31 March 2014, the Group extended its industry chain by expanding its power and data cord business to include mobile game and digital application, so as to diversify its operating risks and optimize revenue structure by acquiring the entire issued share capital of 3 Dynamics (Asia) Limited (“**3 Dynamics**”) for entering the promising market of mobile phone game and digital applications.



---

## LETTER FROM CHANCETON

---

The Group has also taken an important step in the history for developing its natural gas business. Natural gas, as a kind of important clean energy, is seen in line with society's fundamental interests and social sustainability. By establishing a joint venture company with Jiangxi Zhongyou Yingtai Natural Gas Limited Liability Company ("**Zhongyou Yingtai**") and Zhongwaijian Engineering Construction Limited ("**Zhongwaijian**"), the Group became capable to extend its business to the areas of liquefied natural gas (LNG), compressed natural gas (CNG) and related clean energy, thereby diversifying its sources of income, significantly boosting its long-term profitability and increasing the return to its shareholders.

As advised by the management of the Company, the abovementioned business segments are relatively new to the Group and are in the initial operation stage. The Company will focus on accelerating the development of its clean energy business, which will be complemented by such business segments of mobile phone games and data cords together with opportunities in other industries as the Board considers suitable.

To capture potential business opportunities in other industries, the Company has entered into memorandum of understandings in relation to the investment in projects and companies of other industries. The Company entered into memorandum of understanding and supplemental memorandum of understanding on 10 January 2014 and 9 October 2014 respectively in relation to the acquisition of centralized heating project and quartz stone ("**Centralized heating project MOUs**"). The Company also entered into memorandum of understanding and supplemental memorandum of understanding on 7 August 2014 and 20 October 2014 respectively in relation to the investment in float glass business ("**Float glass business MOUs**"). Details of the aforesaid acquisition and investment have been disclosed in the Company's announcements dated 10 January 2014, 7 August 2014, 9 October 2014 and 20 October 2014. As at the Latest Practicable Date, the Company is still in the course of conducting due diligence on the target companies and no legally binding agreements have been entered into.

Save and except the aforesaid potential investments, the Board keeps on seeking for appropriate business opportunities for the Company which will have greater potential returns and may enhance the earnings per Share of the Group. As at the Latest Practicable Date, the Company is still in the process of discussing with the potential parties and no concrete plan has been finalized. As at the Latest Practicable Date, save as disclosed above, the Company has not identified any other investment opportunities and/or future business development plans with specific funding needs. Refreshment of General Mandate provides an alternative means of equity financing to the Company when capturing potential acquisitions, particularly that the Existing General Mandate has been fully utilised.

---

## LETTER FROM CHANCETON

---

We also noted that the Group's operation is principally financed by the cashflow generated from the Group's operating activities and the funds raised mainly through, inter alia, the various placing of shares and convertible bonds. As at the Latest Practicable Date, the Company has outstanding convertible bonds in the total amount of HK\$113.8 million and outstanding promissory notes in the total amount of HK\$92.9 million. The outstanding convertible bonds carry an interest at the rate of 12.5% per annum and will mature on various dates from July 2015 to January 2016. The outstanding promissory notes carry interest at the rates ranging from 2.5% to 10% depending on the term of the promissory notes. The outstanding promissory notes have terms of 1 year, 2 years, 3 years and 7 years and will mature in 2015, 2017, 2020 and 2021 respectively. For illustration purpose, the sum payable by the Company from the Latest Practicable Date till November 2015 pursuant to the terms of the outstanding convertible bonds and promissory notes amounts to HK\$135.1 million on the assumption that the convertible bonds have not been exercised or redeemed.

In this respect, we consider that the Refreshment of General Mandate will maintain and/or enhance the financial flexibility for raising capital to capture potential investment opportunities for the Company and develop and operate the Group's existing and newly acquired business to execute the abovementioned Group's business strategies and broadening its shareholders' base and capital base of the Company, if and when required, by way of issue of new Shares, and the terms of the Refreshment of General Mandate are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **Saving time required for fund raising if required and/or opportunities arise**

The Directors advised that, as at the Latest Practicable Date, the Company has no concrete plan for raising capital by issuing new Shares and save for the entering into of (i) Centralized heating project MOUs and (ii) Float glass business MOUs, no legally binding agreements in relation to any investments have been entered. However, the Directors advised that the Company would review business opportunities and investments from time to time to enhance the Shareholders' value and believes that funding requirements or appropriate investment opportunities to expand and diversify existing business portfolios may arise from time to time, and such funding or investment decisions may have to be met or made within a short period of time. Moreover, the Directors advised that if any potential investors offer attractive terms for investment in the Shares and subject to the then market conditions, the Directors will consider and may conduct an equity fund raising exercise by issuing new Shares.

---

## LETTER FROM CHANCETON

---

Accordingly, we consider that the Refreshment of General Mandate will provide the Group with flexibility of issuing new Shares by way of placement of Shares to raise capital within a short period of time and equity financing exercises through the issue of new Shares would be a suitable method to raise funds without increasing the financial burden of the Group to pursue any future opportunities in the event that the Group identifies any suitable investment opportunities that may require larger amount of investment cost and/or capital commitment. In addition, we consider proposing the grant of Issue Mandate only when an opportunity arises or applying a specific mandate to conduct fund raising may require more time for documentations and further Shareholders' approval and thus completion than applying a general mandate which saves time and costs for capturing a prompt investment opportunity.

Hence, taking into account any funding requirement or appropriate investment opportunities that may happen from time to time and any share placement exercise that are dependent, to a large extent, on market conditions and such opportunities may not always arise, we concur with the Directors' view that (i) the proposed refreshment of the Existing General Mandate will enable the Group to conduct fund raising activities as and when opportunities arise; and (ii) granting of Issue Mandate or applying for a specific mandate which are subject to the approval of the Independent Shareholders may cause undue delay and incur opportunity costs if the Group wishes to carry out timely acquisitions or investments.

### **Sufficient preparation for risk diversification of the Company**

As stated in the Annual Report 2014 of the Company, during the financial year ended 31 March 2014, global economy is under sustained uncertainties which have made negative impact on China's economic performance and activities. Although the GDP of China still kept a moderate-to-high speed of growth, it dropped to a 14-year lowest point. Economic structure was criticized unbalanced and was expected to be adjusted for better performance. In order to reduce the impact of economic instability on the operations of the Group, the Group has been exploring and seeking opportunities for adding potential and sustainable development to the Group while consolidating our existing businesses.

However, there is no guarantee that cash resources available to the Company will be sufficient or be available for such business and/or investment development in the future. In the event that the Company identifies suitable businesses and/or investment development opportunities with insufficient financial resources on hand, or is unable to obtain loan financing on acceptable terms, or cannot find other financing alternatives in a timely manner, the Company may lose its chances to capture an otherwise favourable opportunity and/or favourable investment to expand its business portfolio.

---

## LETTER FROM CHANCETON

---

We noted that the Company has repaid promissory notes and the respective interests amounting approximately HK\$49 million by the fund raised in the fund-raising activities conducted by the Company in the past twelve months and the Company has an outstanding convertible bonds and promissory note with principal amount of HK\$113.8 million and HK\$92.9 million respectively as at the Latest Practicable Date, which carry an interest rate of 12.5% and an interest rate ranging from 2.5% to 10% flat rate per annum respectively.

We also noted that the Company has just completed the placing of Shares in September 2014 and raised approximately HK\$141.6 million, of which approximately HK\$62.6 million has been utilized and the remaining HK\$79 million has been kept as general working capital of the Group and for the repayment of the outstanding convertible bonds and promissory notes before November 2015, we concur with the Director that the said HK\$79 million is not sufficient to fully cover (i) the daily operation of the Group given the average monthly general working capital requirement of the Group was approximately HK\$4 million as mentioned above and (ii) the outstanding amount of convertible bonds and promissory note payable (inclusive of the principal amount and the interests accrued thereon) before November 2015. To fulfill the repayment obligations under the said convertible bonds and promissory notes and to maintain a healthy financial position, while capturing potential acquisition and/or investment opportunities as and if they arise, we are of the view that it is important to obtain the Issue Mandate to conduct fund raising activities in a timely manner.

In light of the financial status of the Company, we thus consider that it is reasonable for the Company to maintain a strong capital base to mitigate any operational risk arise from the unstable recovering global economy while securing additional means for fund raising for possible acquisition and/or investment opportunities as and if they arise. Without the Refreshment of General Mandate, the Company may have to pay cash or settle the investment or acquisition consideration in other means and lose the financial flexibility to use consideration shares. Instead, if any potential investors offer attractive terms for investment in the shares and/or when an investment opportunity arises, providing the Issue Mandate is granted, the Company will be able (subject to the then market conditions) to conduct fund raising exercise(s) involving issue of new Shares or issue consideration shares, in which we consider it would provide greater flexibility for the Directors to choose the best fund-raising alternatives for the best interests of the Company and Shareholders.

Based on the foregoing, we concur with the Directors' view that the Refreshment of General Mandate and the terms of the Refreshment of General Mandate are fair and reasonable to the Company, and in the interests of the Company and Shareholders as a whole.

---

## LETTER FROM CHANCETON

---

### Fund raising activities in the past twelve months

Save for the proposed placing of 66,000,000 and 175,000,000 warrants as set out in the announcements of the Company dated 5 September 2013 and 29 July 2014 respectively, all of which were subsequently lapsed and save as disclosed below, the Company has not undertaken any equity fund raising activities in the past twelve months immediately preceding the Latest Practicable Date.

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 for the injection of registered capital into the Company's wholly owned subsidiary, Jilin China Oil Gangran Energy Development Company Limited
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	Approximately HK\$8 million was applied as earnest money for a proposed investment, details of which can be refer to the announcement dated 7 August 2014. Approximately HK\$5.2 million was applied as repayment of promissory notes and its respective interests that were due in July 2014. The remaining HK\$5 million was used as repayment of promissory notes and its respective interests that were due in August 2014

---

## LETTER FROM CHANCETON

---

Date of announcement	Method of fund raising	Net proceeds received	Intended use of proceeds	Actual use of proceeds
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	The proceeds were used as repayment of promissory notes and its respective interests that were due in August 2014
2 September 2014	Placing of Shares	Approximately HK\$141.6 million	General working capital of the Group and/or for financing future investment opportunities	Used approximately HK\$20.4 million for the payment of registered capital of a joint-venture company named as 江西中油港燃能源科技有限責任公司 as the remaining contribution by the Company. Approximately HK\$18.2 million was used as repayment of promissory notes and its respective interests that were due in September and October 2014. Approximately HK\$24 million was applied as second deposit in relation to the proposed investment, details of which please refer to the announcement 20 October 2014. The remaining balance of HK\$79 million will be applied as general working capital of the Group

As at 30 September 2014, the Group has a positive general working capital. The Group and the Company's capital commitments are as follows:–

- (a) As at 30 September 2014, the Group's capital commitments for the acquisition of property, plant and equipment, which were contracted for but not provided in the financial statements, were amounted to HK\$141,940.
- (b) On 11 December 2013, the Company established a wholly owned subsidiary, Jilin China Oil Gangran Energy Development Company Limited (“**Jilin China Oil**”) in the PRC with registered capital of HK\$100,000,000. As at 30 September 2014, the Company has contributed HK\$50,000,000 to Jilin China Oil. In accordance with the memorandum of association of Jilin China Oil, the remaining balance of HK\$50,000,000, shall be contributed to Jilin China Oil on or before December 2015.

---

## LETTER FROM CHANCETON

---

- (c) On 2 December 2013, the Company and two other parties established a sino-foreign equity joint venture, 江西中油港燃能源科技有限責任公司 (“江西中油”) in the PRC with registered capital of RMB100,000,000 (equivalent to HK\$125,000,000), of which RMB51,000,000 (equivalent to HK\$63,750,000) is required to be contributed by the Company. At the Latest Practicable Date, the Company has already made the full contribution.

In addition, based on the unaudited management account for the six months ended 30 September 2014, the average monthly general working capital requirement of the Group was approximately HK\$4 million, mainly comprising of (i) rental expenses of approximately HK\$0.74 million; (ii) staff salary and directors remuneration of approximately HK\$1.7 million; and (iii) corporate and professional fees of approximately HK\$1 million.

Save as and expect for the above, the Directors confirmed that the Company has not conducted any other equity fund raising activities in the past twelve months immediately prior to the Latest Practicable Date.

The net proceeds obtained from the previous fund raising activities were mainly applied to be used for financing (i) the Group’s new investments and business segments; (ii) repayment of current liabilities of the Group to strengthen the Group’s financial status and (iii) general working capital of the Company. The Directors contend that the Refreshment of General Mandate is intended to provide financial flexibility to the Company and will apply to the possible acquisition, if and when it materialises, as referred to the discussion above or to other potential investment opportunities as and when they arise.

In view of the above, the Directors consider the use of general mandate is crucial in a competitive business environment and the Issue Mandate, which may or may not be utilised, is in the best interests of the Company and Shareholders as a whole. We are of the view that the Refreshment of General Mandate is fair and reasonable and in the best interest of the Company and the Shareholders as a whole as (i) it would allow the Company to maintain a better working capital; and (ii) it contributes the Company a higher degree of financial flexibility and readiness of issuing Shares when attractive investment opportunities arise.

---

## LETTER FROM CHANCETON

---

### Potential dilution to the shareholding interests of the Shareholders

The table below sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) for illustrative purposes only, upon full utilisation of the Issue Mandate (assuming no further Share is issued or repurchased by the Company):

Shareholder	As at the Latest Practicable Date		Upon full utilisation of the Issue Mandate (assuming no further Share is issued or repurchased by the Company)	
	No. of Shares	%	No. of Shares	%
Fairson Holdings (BVI) Limited (Note)	302,920,000	3.47	302,920,000	2.90
Shares to be issued under the Issue Mandate	–	–	1,743,480,000	16.67
Public Shareholders	8,414,480,000	96.53	8,414,480,000	80.43
Total	<u>8,717,400,000</u>	<u>100.00</u>	<u>10,460,880,000</u>	<u>100.00</u>

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

As illustrated in the above table, assuming that (i) the grant of the Issue Mandate is approved at the EGM; (ii) no Shares will be repurchased and no new Shares will be issued from the Latest Practicable Date up to the date of the EGM (both dates inclusive); and (iii) upon full utilisation of the Issue Mandate, the aggregate shareholding of the existing public Shareholders will be diluted from approximately 96.53% to approximately 80.43% upon full utilisation of the Issue Mandate assuming no further Share is issued or repurchased by the Company after the Latest Practicable Date and up to the date of the EGM.

Taking into account that the benefits of the grant of the Issue Mandate as discussed above including in particular that the Issue Mandate would provide the Group with financial flexibility when considering future fund raising activities and investment opportunities which have to be confirmed and decided within a limited period of time, and having considered the fact that the shareholdings of all Shareholders will be diluted proportionately and the capital base and financial positions of the Company will be strengthened upon the utilisation of the Issue Mandate, we consider that such potential dilution to the shareholdings of the existing public Shareholders is justifiable.



---

## LETTER FROM CHANCETON

---

### **Other financing alternatives**

As advised by the management of the Company, apart from equity financing, the Directors may also consider other financing alternatives such as bank borrowings and internal cash resources to fund future business development and expansion and/or investment opportunities, depending on the Company's financial position and cost of funding as well as the prevailing market condition. We were given to understand that the Directors would exercise due and careful consideration when choosing the best financing method available to the Group in order to maximise the benefit to the Shareholders.

The management of the Company considers that debt financing may incur interest burden on the Group and may be subject to lengthy due diligence and negotiations with the banks with reference to the Group's financial position, capital structure and the financial market condition at that time. In addition, in view of the Group's net current liabilities position as discussed above, debt financing may not be readily available to the Group without the Group having to pay an above market average interest rate and undergoing time consuming negotiations in relation to the borrowing terms.

Regarding the different equity financing methods, the grant of the Issue Mandate allows the Company to raise equity capital within specified number of Shares promptly when necessary rather than the more cost and time consuming process of applying for specific mandate when such need for capital may arise in the future.

In the case of alternative pro-rata equity fund raising such as rights issue and open offer, lengthy discussion with potential commercial underwriters may be required, which incur a higher cost and may result in the failure of financing the Group's business development and expansion and/or investment opportunities in a timely manner.

Given the aforementioned reasons, we consider that the grant of the Issue Mandate will provide the Company with an additional alternative of equity funding and enhance the financing flexibility of the Company to raise funds if required by way of issuance of new Shares for future business development and expansion and/or pursuing investment opportunities. Given that equity financing under a general mandate (i) does not incur interest obligations on the Group as compared with debt financing; (ii) is less costly and less time-consuming than raising funds by way of rights issue or open offer; and (iii) provides the Company with the capability to capture any capital raising opportunities in a timely manner, we consider that the grant of the Issue Mandate is in the interests of the Company and the Shareholders as a whole.

---

## LETTER FROM CHANCETON

---

### RECOMMENDATION

Having taken into consideration the above principal factors and reasons regarding the Refreshment of General Mandate, in particular:

- (i) during the period from the grant of the Existing General Mandate to the Latest Practicable Date, the Existing General Mandate has been fully utilized and the next annual general meeting will not be held until around July 2015;
- (ii) the Issue Mandate allows the Company to raise capital by allotment and issuance of additional new Shares;
- (iii) the Issue Mandate enhances financial flexibility for the Company to raise capital for future business development and expansion and/or to capture potential investment opportunities within a short period of time if and when any equity financing should be required;
- (iv) the Issue Mandate enhances financial flexibility for the Company to execute its business development strategies and mitigate operational risks arise from the current recovering global economy; and
- (v) the acceptable potential dilution to shareholdings of the Independent Shareholders,

we are of the opinion that the Refreshment of General Mandate is in the interests of the Company and the Shareholders as a whole, and the terms of the Refreshment of General Mandate are fair and reasonable so far as the Shareholders are concerned. Accordingly, we advise the Independent Board Committee and the Independent Shareholders to vote in favour of the ordinary resolution in relation to the Refreshment of General Mandate to be proposed at the EGM.

Independent Shareholders are, however, reminded to note the potential dilution effect of the full utilisation of the Refreshment of General Mandate on their shareholding interests in the Company.

Yours faithfully,  
For the on behalf of  
**Chanceton Capital Partners Limited**  
**Wong Kam Wah**  
*Managing Director*

---

## NOTICE OF THE EGM

---



# 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**

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “**EGM**”) of China Oil Gangran Energy Group Holdings Limited (the “**Company**”) will be held at Jade Room, Marco Polo Hong Kong Hotel, Harbour City, 3 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong on Wednesday, 3 December 2014 at 10:00 a.m. for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution as an ordinary resolution of the Company:

#### ORDINARY RESOLUTIONS

1. “**THAT:**
  - (a) subject to paragraph (c) below, the exercise by the directors of the Company (the “**Directors**”) during the Relevant Period (as defined in paragraph (d) below) of all the powers of the Company to allot, issue and deal with additional shares in the share capital of the Company and to make or grant offers, agreements, options and rights of exchange or conversion which might require the exercise of such powers be and is hereby generally and unconditionally approved;
  - (b) the approval in paragraph (a) above shall be in addition to any other authorization given to the Directors and shall authorize the Directors during the Relevant Period (to be defined in paragraph (d) below) to make or grant offers, agreements, options and rights of exchange or conversion which might require the exercise of such powers after the end of the Relevant Period;

---

## NOTICE OF THE EGM

---

- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval granted in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as defined in paragraph (d) below), or (ii) any share option schemes of the Company approved by The Stock Exchange of Hong Kong Limited, or (iii) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Articles of Association of the Company, or (iv) the exercise of the outstanding conversion rights attaching to any convertible securities issued by the Company, which are convertible into shares of the Company, shall not exceed 20 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this resolution, and the said approval shall be limited accordingly; and
- (d) for the purposes of this resolution:

“**Relevant Period**” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or any applicable law to be held; or
- (iii) the date upon which the authority set out in this resolution revoked or varied by way of ordinary resolution of the Company in general meeting; and

“**Rights Issue**” means an offer of shares open for a period fixed by the Directors to holders of shares on the register on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction, or the requirements of any recognized regulatory body or any stock exchange, in any territory outside Hong Kong).”

---

## NOTICE OF THE EGM

---

2. “**THAT** subject to the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the shares of the Company (the “**Shares**”) to be issued pursuant to the exercise of options which may be granted under the Scheme Mandate Limit (as defined below) and pursuant to the share option scheme of the Company adopted on 27 April 2011 (the “**Share Option Scheme**”), approval be and is hereby generally and unconditionally granted for refreshing and renewing the Scheme Mandate Limit (as defined below) under the Share Option Scheme provided that (i) the total number of Shares which may be allotted and issued upon the exercise of the options to be granted under the Share Option Scheme and other share option schemes of the Company shall not exceed 10 per cent of the total number of Shares in issue as at the date of passing of this resolution (the “**Scheme Mandate Limit**”); and (ii) the overall limit on the number of Shares which may be issued upon the exercise of all options to be granted and yet to be exercised under the Share Option Scheme and other share option schemes of the Company must not exceed 30 per cent. of the Shares in issue from time to time and that the Directors be and are hereby authorised, at their absolute discretion, to grant options under the Share Option Scheme up to the Scheme Mandate Limit and to exercise all the powers of the Company to allot, issue and deal with the Shares pursuant to the exercise of such options.”

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

Hong Kong, 18 November 2014

*Registered office:*

Cricket Square, Hutchins Drive,  
P.O. Box 2681, Grand Cayman,  
KY1-1111, Cayman Islands

*Principal Place of Business:*

Suites 707-9, 7th Floor,  
Prudential Tower, The Gateway,  
Harbour City, Tsim Sha Tsui,  
Kowloon, Hong Kong

---

## NOTICE OF THE EGM

---

*Notes:*

1. Any shareholder of the Company (the “**Shareholder(s)**”) entitled to attend and vote at the EGM shall be entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a Shareholder.
2. The form of proxy shall be in writing under the hand of the appointer or of his attorney duly authorized in writing or, if the appointer is a corporation, either under its seal or under the hand of an officer, attorney or other person authorized to sign the same.
3. Delivery of the form of proxy shall not preclude a Shareholder from attending and voting in person at the EGM and in such event, the form of proxy shall be deemed to be revoked.
4. Where there are joint Shareholders, any one of such joint Shareholders may vote, either in person or by proxy, in respect of such shares as if he were solely entitled thereto, but if more than one of such joint Shareholders be present at the EGM the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint Shareholders, and for this purpose seniority shall be determined by the order in which the names stand in the register of Shareholders of the Company in respect of the joint holding.
5. The form of proxy and (if required by the board of directors) the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof at which the person named in the form of proxy proposes to vote or, in the case of a poll taken subsequently to the date of the EGM or any adjournment thereof, not less than 48 hours before the time appointed for the taking of the poll and in default the form of proxy shall not be treated as valid.