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中油港燃能源集團控股有限公司

CHINA OIL GANGRAN ENERGY GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8132

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent

SUNWAH KINGSWAY

新華滙富

Kingsway Financial Services Group Limited

The Board announces that on 17 December 2015, after trading hours, the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed to place, on behalf of the Company, a maximum of 610,000,000 Placing Shares, on a best efforts basis, to not less than six Placees at the Placing Price of HK\$0.123 per Placing Share. The Placing Shares represent 6.29% of the existing issued share capital of the Company as at the date of this announcement and approximately 5.92% of the issued share capital of the Company as enlarged by the Placing.

The Placing Shares will be issued and allotted under the general mandate granted to the Directors by a resolution of the Shareholders passed at the annual general meeting of the Company held on 30 July 2015 pursuant to which the Directors are allowed to allot and issue up to 1,901,014,775. As at the date of this announcement, no Share has been issued pursuant to the said general mandate.

The maximum gross proceeds from the Placing will be approximately HK\$75,030,000. The maximum net proceeds from the Placing are estimated to be approximately HK\$72,028,800, which will be used as general working capital of the Group and/or for financing future investment opportunities.

Completion of the Placing is conditional upon the Listing Division of the Stock Exchange shall have granted or agreed to grant (either unconditionally or subject to conditions to which neither the Company nor the Placing Agent shall reasonably object) the listing of, and permission to deal in, the Placing Shares. If such condition is not fulfilled on or before the Long Stop Date, the Placing will not proceed.

As the Placing may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

PLACING

The Board announces that on 17 December 2015, after trading hours, the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed to place, on behalf of the Company, a maximum of 610,000,000 Placing Shares, on a best efforts basis, to not less than six Placees at the Placing Price of HK\$0.123 per Placing Share. It is expected that none of the Placees will become a substantial shareholder of the Company as a result of the completion of the Placing.

THE PLACING AGREEMENT

The principal terms of the Placing Agreement are summarised below:

Date: 17 December 2015

Parties: (a) The Company; and

(b) The Placing Agent

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are independent third parties of the Company and its Connected Persons.

Placing Shares

The Placing Shares represent 6.29% of the existing issued share capital of the Company as at the date of this announcement and approximately 5.92% of the issued share capital of the Company as enlarged by the Placing.

The aggregate nominal value of the Placing Shares is HK\$61,000 as at the date of this announcement.

Placing Price

The Placing Price of HK\$0.123 per Placing Share represents:

- (i) a discount of approximately 18% to the closing price of HK\$0.15 per Share quoted on the Stock Exchange on 17 December 2015, being the date of the Placing Agreement; and
- (ii) a discount of approximately 19.61% to the average closing price of HK\$0.153 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days immediately preceding the date of the Placing Agreement.

The Placing Price was arrived at after arm's length negotiations among the Company and the Placing Agent with reference to the prevailing market price of the Shares and the market condition. The Directors (including the independent non-executive Directors) are of the opinion that the Placing (including the Placing Price) are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Placing Commission

The Placing Agent will receive a placing commission of 4% of the amount equal to the Placing Price multiplied by the number of the Placing Shares placed by the Placing Agent. The placing commission was arrived at after arm's length negotiations among the Company and the Placing Agent.

Placees

The Placing Shares have been or will be offered by the Placing Agent to not less than six Placees. The Placees and their ultimate beneficial owners will be independent of the Company and the directors, chief executive and substantial shareholder of the Company and its subsidiaries and/or any of their respective associates or any Connected Persons.

Condition of the Placing

The Placing is conditional upon the Listing Division of the Stock Exchange shall have granted or agreed to grant approval for the listing of, and permission to deal in, the Placing Shares.

If the above condition is not fulfilled on or before the Long Stop Date, the Placing Agreement and all rights and obligations under the Placing Agreement shall cease and terminate and no party shall have any claim against the other for costs, damages, compensation or otherwise (save for any antecedent breach of provisions of the Placing Agreement).

Completion of the Placing

Completion of the Placing will take place on the Placing Completion Date.

Completion of the Placing is subject to the satisfaction of the condition specified in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

Termination of the Placing Agreement

Unless otherwise agreed between the Company and the Placing Agent, the appointment in respect of the Placing Agent hereunder shall terminate simultaneously upon the earlier of (a) Completion and (b) termination of the Placing Agreement, whichever is earlier.

The Placing Agent reserves its right to terminate the arrangements set out in the Placing Agreement by notice in writing at or prior to 10:00 a.m. on the Completion Date (or such other date as may be agreed between the Parties), if in its reasonable opinion, the success of the Placing would be materially and adversely affected by any force majeure events (as defined below). For this purpose, a “force majeure event” refers to

- (a) the introduction of any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date hereof) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the reasonable opinion of such Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or adversely prejudices the success of the Placing (such success being the placing of the Placing Shares to potential investor(s)) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing; or
- (c) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) occurs which affects the success of the Placing (such success being the placing of the Placing Shares to potential investor(s)) or otherwise in the reasonable opinion of the Placing Agent makes it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing.

The Placing Agent shall be entitled by notice in writing to the Company to elect to treat such matter or event as releasing and discharging it from its obligations under the Placing Agreement if, at or prior to 10:00 a.m. on the Completion Date,

- (a) the Company commits any material breach of or omits to observe any of the obligations or undertakings expressed or assumed under the Placing Agreement; or
- (b) any suspension in the trading of the Shares on the Stock Exchange for more than ten consecutive trading days save for the purposes of clearing of any announcement relating to the Placing Agreement or circulars relating to the Placing and/or the sale and purchase agreement and the ancillary agreements thereto; or
- (c) the Placing Agent shall become aware of the fact that any of the representations or warranties contained in the Placing Agreement was, when given, untrue or inaccurate or would in any material respect be untrue or inaccurate and the Placing Agent, in its reasonable opinion, determines that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or prospects of the Group taken as a whole or will otherwise likely to have a material prejudicial effect on the Placing.

Upon giving of the notice pursuant to the paragraphs above, all obligations of the Placing Agent shall cease and determine and no Party shall have any claim against any other Parties in respect of any matter or thing arising out of or in connection with the Placing Agreement, save for any antecedent breaches hereof.

GENERAL MANDATE TO ISSUE NEW SHARES

The Placing Shares will be issued and allotted under the general mandate granted to the Directors by a resolution of the Shareholders passed at the annual general meeting of the Company held on 30 July 2015 pursuant to which the Directors are allowed to allot and issue up to 1,901,014,775 Shares.

Reference is made to the announcement dated 23 November 2015, pursuant to the Acquisition Agreement dated 23 November 2015, Consideration Shares of up to 1,289,062,500 shares shall be allotted and issued pursuant to the said general mandate. As at the date of this announcement, no Share has been issued pursuant to the said general mandate and the issue and allotment of the Placing Shares will not require any special approval from the Shareholders.

APPLICATION FOR LISTING

An application will be made by the Company to the Listing Division of the Stock Exchange for the granting of the listing of, and permission to deal, in the Placing Shares.

REASONS FOR THE PLACING

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

The maximum gross proceeds from the Placing will be approximately HK\$75,030,000. The maximum net proceeds from the Placing are estimated to be approximately HK\$72,028,800, as a result, the net price per Placing Share will be approximately HK\$0.118. They will be used as general working capital of the Group and/or for financing future investment opportunities.

The Directors consider that the Placing will provide the Company with an opportunity to raise further capital for the Company while broadening its shareholders' base and capital base of the Company. The Directors (including the independent non-executive Directors) consider that the Placing Agreement was entered into on normal commercial terms following arm's length negotiations between the Company and the Placing Agent and that the terms of the Placing Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

RANKING OF PLACING SHARES

The Placing Shares, when issued and fully paid, will rank *pari passu* in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Placing Shares.

FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST TWELVE MONTHS

The Company has not undertaken any equity fund raising activities in the past twelve months immediately preceding the date of this announcement.

CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company before and after the Placing (assuming the Placing Shares are fully placed) are summarised as follows:

Shareholder	As at the date of Announcement		Immediately after completion of the Placing	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
Placees	–	–	610,000,000	5.92
Public	<u>9,700,518,922</u>	<u>100</u>	<u>9,700,518,922</u>	<u>94.08</u>
Total	<u><u>9,700,518,922</u></u>	<u><u>100.00</u></u>	<u><u>10,310,518,922</u></u>	<u><u>100.00</u></u>

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the meanings set opposite to them below:

“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of directors of the Company
“Business Day”	means a day (other than a Saturday, Sunday and a day on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks are open for general banking business in Hong Kong throughout their normal business hours
“Company”	China Oil Gangran Energy Group Holdings Limited (中油港燃能源集團控股有限公司), a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on GEM
“Connected Person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	director(s) of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange

“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Long Stop Date”	18 January 2016 (or such other time and date as the Placing Agent and the Company shall agree in writing)
“Placee(s)”	any professional, institutional or other investors whom the Placing Agent and/or any of its agent(s) have procured to subscribe for any of the Placing Shares
“Placing”	the private placing of the Placing Shares to selected independent professional, institutional or other investors on the terms and subject to the conditions to be set out in the Placing Agreement
“Placing Agent”	Kingsway Financial Services Group Limited, a licensed corporation under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) permitted to engage in Type 1 (Dealing in Securities), Type 2 (Dealing in Futures Contracts), Type 4 (Advising on Securities) and Type 9 (Asset Management) regulated activities, being the placing agent for the Placing
“Placing Agreement”	the placing agreement (as amended or varied from time to time by an agreement in writing) dated 17 December 2015 and entered into among the Company and the Placing Agent in respect of the Placing
“Placing Completion Date”	the third Business Day following the satisfaction of the condition precedent (or such other date as the Company and the Placing Agent may agree)
“Placing Price”	HK\$0.123 per Placing Share
“Placing Share(s)”	a maximum of 610,000,000 new Shares to be placed pursuant to the Placing Agreement

“Share(s)”	ordinary shares of HK\$0.0001 each in the capital of the Company or shares of any class or classes resulting from any sub-division, consolidation or re-classification of such Shares, which as between themselves have no preference in respect of voting rights or dividends or of amounts payable in the event of any voluntary or involuntary liquidation or distribution of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the GEM Listing Rules
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

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

Hong Kong, 17 December 2015

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, Mr. Chan Lung Ming and Mr. Zheng Jian Peng; and the independent non-executive Directors are Ms. Eugenia Yang, Mr. Ng Ka Chung and Mr. Lau Sung Tat, Vincent.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at <http://www.hkgem.com> for at least 7 days from the date of its posting and on the websites of the Company at www.chinaoilgangran.com and <http://chinaoilgangran.todayir.com>.