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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

**DISCLOSEABLE TRANSACTION
IN RELATION TO
ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF
SINO GRANDWAY INTERNATIONAL INVESTMENT LIMITED**

THE ACQUISITION AGREEMENT

On 5 February 2016 (after trading hours), the Vendors and the Purchaser entered into the Acquisition Agreement pursuant to which the Vendors agreed to sell to the Purchaser and the Purchaser agreed to purchase from the Vendors the Sale Shares, representing the entire issued share capital of the Target Company, at an aggregate Consideration of RMB100,000,000 subject to the terms and conditions of the Acquisition Agreement.

LISTING RULES IMPLICATIONS ON THE ACQUISITION

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

BACKGROUND

Reference is made to the announcements of the Company dated 7 August 2014, 20 October 2014, 12 February 2015 and 16 October 2015 in relation to the MOU, Supplemental MOU and the Second Supplemental MOU signed by the Company and the Target Company in relation to the Company's proposed investment in the Target Company.

On 5 February 2016 (after trading hours), the Company entered into the Acquisition Agreement with the Vendors, pursuant to which the Company has conditionally agreed to acquire and the Vendors have conditionally agreed to sell the Sale Shares, representing the entire issued share capital of the Target Company, at an aggregate Consideration of RMB100,000,000 which shall be satisfied by cash.

THE ACQUISITION AGREEMENT

Date

5 February 2016 (after trading hours)

Parties

Vendors: Zhang Weihua, holding 50% legal and beneficial interest in the Target Company; and
Wei Yingming, holding 50% legal and beneficial interest in the Target Company.

Purchaser: the Company

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Vendors are Independent Third Parties.

Interests to be acquired

Subject to and in accordance with the terms and conditions of the Acquisition Agreement, the Company has conditionally agreed to purchase from the Vendors and the Vendors have conditionally agreed to sell to the Company the Sale Shares, representing the entire issued share capital of the Target Company.

Consideration

The aggregate Consideration for the Sale Shares is RMB100,000,000 (equivalent to approximately HK\$120,000,000) and each of Vendor A and Vendor B shall be entitled to 50% of the Consideration. As at the date of this announcement, the Deposit in the aggregate amount of HK\$32,000,000 has been paid by the Company to the Target Company pursuant to the MOU and the Supplemental MOU. The Vendors agreed that the Deposit shall be deemed part payment of the Consideration to Vendor B and the balance of the Consideration shall be satisfied by the Company in the following manner:

Consideration payable to Vendor A

- (i) RMB12,500,000 (equivalent to approximately HK\$15,000,000) cash shall be paid to Vendor A if the Audited Net Profit of the PRC Subsidiary for the financial year of 2016 is equal to or higher than RMB25,000,000. The Purchaser shall pay within 10 days after the issue of the Auditor Certificate for the relevant financial year;
- (ii) RMB12,500,000 (equivalent to approximately HK\$15,000,000) cash shall be paid to Vendor A if the Audited Net Profit of the PRC Subsidiary for the financial year of 2017 is equal to or higher than RMB25,000,000. The Purchaser shall pay within 10 days after the issue of the Auditor Certificate for the relevant financial year;
- (iii) RMB12,500,000 (equivalent to approximately HK\$15,000,000) cash shall be paid to Vendor A if the Audited Net Profit of the PRC Subsidiary for the financial year of 2018 is equal to or higher than RMB25,000,000. The Purchaser shall pay within 10 days after the issue of the Auditor Certificate for the relevant financial year; and
- (iv) RMB12,500,000 (equivalent to approximately HK\$15,000,000) cash shall be paid to Vendor A if the Audited Net Profit of the PRC Subsidiary for the financial year of 2019 is equal to or higher than RMB25,000,000. The Purchaser shall pay within 10 days after the issue of the Auditor Certificate for the relevant financial year.

In the event that the Audited Net Profit of the PRC Subsidiary in respect of any financial year of 2016, 2017, 2018 or 2019 is less than RMB25,000,000 (equivalent to approximately HK\$30,000,000), the amount payable under items (i), (ii), (iii) and (iv) above shall be reduced accordingly by the amount of shortfall (the “**Shortfall**”) on a dollar-to-dollar basis. If the relevant amount payable under items (i), (ii), (iii) and (iv) above is not sufficient to offset the amount of Shortfall, Vendor A shall compensate the amount of difference in cash after the aforesaid offset on a dollar-to-dollar basis.

Consideration payable to Vendor B

- (i) RMB5,500,000 (equivalent to approximately HK\$6,600,000) cash shall be paid to Vendor B if the Audited Net Profit of the PRC Subsidiary for each of the financial year of 2016, 2017 and 2018 is equal to or higher than RMB25,000,000. The Purchaser shall pay within 10 days after the issue of the Auditor Certificate for the financial year of 2018.

In the event that the Audited Net Profit of the PRC Subsidiary in respect of any financial year of 2016, 2017 or 2018 is less than RMB25,000,000 (equivalent to approximately HK\$30,000,000), the amount payable above shall be reduced accordingly by the aggregated amount of shortfall recorded in each financial year of 2016, 2017 and 2018 (the “**Aggregated Shortfall**”) on a dollar-to-dollar basis. If the amount payable above is not sufficient to offset the amount of Aggregated Shortfall, Vendor B shall compensate the amount of difference in cash after the aforesaid offset on a dollar-to-dollar basis.

- (ii) RMB12,500,000 (equivalent to approximately HK\$15,000,000) cash shall be paid to Vendor B if the Audited Net Profit of the PRC Subsidiary for each of the financial year of 2019 is equal to or higher than RMB25,000,000. The Purchaser shall pay within 10 days after the issue of the Auditor Certificate for the financial year of 2019.

In the event that the Audited Net Profit of the PRC Subsidiary in respect of any financial year of 2019 is less than RMB25,000,000 (equivalent to approximately HK\$30,000,000), the amount payable above shall be reduced accordingly by the aggregated amount of shortfall recorded in each financial year of 2019 on a dollar-to-dollar basis. If the amount payable above is not sufficient to offset the amount of Aggregated Shortfall, Vendor B shall compensate the amount of difference in cash after the aforesaid offset on a dollar-to-dollar basis.

The payment obligations of the Company to the Vendors shall be discharged when the Consideration is paid by the Company in accordance with the terms and conditions of the Acquisition Agreement to either of the Vendors.

The Consideration was determined based on arm’s length negotiations between the Vendors and the Company with reference to historical and current financial position and the profitability of the Target Company and the profit guarantee of the Vendors as set out in the Acquisition Agreement. The Consideration for the Acquisition shall be satisfied in full primarily through internal cash resources and bank borrowings and if required, debt and equity fund raising and/or other means.

Conditions precedent

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

- (i) the completion of a due diligence exercise to be carried out by the Company in respect of the financial position, books and records and businesses of the Target Group, and the relevant results to the satisfaction of the Company at its absolute discretion;
- (ii) the obtaining by the Company and the Vendors of all necessary waivers, consents, approvals, permissions, authorizations from relevant organizations, institutions, government and regulatory authorities including the Stock Exchange in respect of the Acquisition Agreement and the transactions contemplated thereunder;
- (iii) the Vendors having provided a legal opinion issued by the legal advisers approved by the Company as to the PRC law relating to the Target Group's business activities, which shall be in form and substance satisfactory to the Company;
- (iv) the Vendors having provided the Completion Accounts of the Target Group, which shall be in form and substance satisfactory to the Company;
- (v) the valuation report of the independent valuer appointed by the Company of a date not more than 3 months prior to the Completion Date showing that the entire issued share capital of the Target Company shall not be less than RMB95,000,000;
- (vi) the Target Company shall have repaid to the Vendors the shareholder loan, if any; and
- (vii) all the representations, warranties and undertakings of the Vendors remaining true and accurate as at Completion, for which the Vendors shall have performed or complied with at or before Completion (as the case may be).

If the above conditions shall not have been fulfilled (or waived by the Company) on or before the Long Stop Date (or such other date as agreed by the parties), the Acquisition Agreement shall, subject to certain provisions of the Acquisition Agreement, cease to have effect and the Vendors shall forthwith return the Deposit of HK\$32,000,000 to the Company immediately.

Completion

Completion shall take place on the 20th Business Day after the conditions precedents have been fulfilled, or such date as may be agreed by the parties.

Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company.

Profit Guarantee of the Vendors

The Vendors jointly and severally warrant that in respect of each of the financial period from 2016 to 2019, the Audited Net Profit of the PRC Subsidiary shall not be less than RMB25,000,000 (equivalent to approximately HK\$30 million);

If the Audited Net Profit is not achieved in a relevant financial year, the Consideration payable shall be adjusted by the mechanism as disclosed under the heading of Consideration above.

Loan to Vendor A

The Company shall advance a loan in the amount of RMB5,000,000 (equivalent to approximately HK\$6,000,000) to Vendor A (the “**Loan**”) on the Completion Date for a term of 1 year without interest.

The Loan shall only be used by Vendor A as facilities to the PRC Subsidiary.

INFORMATION ON THE TARGET GROUP

The Target Company is an investment holding company incorporated in Hong Kong with limited liability on 8 March 2014.

The sole asset of the Target Company is the 100% legal and beneficial interest in the PRC Subsidiary which was established under the laws of the PRC on 11 October 2014 and is principally engaged in the sale and distribution of glass products in the PRC.

On 15 January 2015, the PRC Subsidiary entered into the Exclusive Distribution Agreement with Longxin Glass. Pursuant to the Exclusive Distribution Agreement, Longxin Glass has engaged the PRC Subsidiary to, *inter alia*, distribute glass products supplied by Longxin Glass for 10 years with effect from 30 November 2015 worldwide. Under the Exclusive Distribution Agreement, there is a target supply of not less than 150,000 tonnes glass products per annum by Longxin Glass to the PRC Subsidiary. In the event that the target supply cannot be met, Longxin Glass shall compensate the PRC Subsidiary.

REASONS FOR THE ACQUISITION

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

The Company has been actively searching for business opportunities to diversify its investment with a view to broadening the Group's revenue source, enhancing the performance of the Group, creating value for the Shareholders and increasing Shareholders' return. The Acquisition enables the Group to tap into the glass product industry and the Directors are of the view that the Acquisition will contribute positively to the financial performance and will enlarge the income sources of the Group.

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

LISTING RULES IMPLICATIONS ON THE ACQUISITION

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

DEFINITIONS

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

“Acquisition”	the acquisition of the entire issued share capital of the Target Company
“Acquisition Agreement”	the acquisition agreement dated 5 February 2016 entered into between the Purchaser and the Vendors in relation to the Acquisition
“Audited Net Profit”	the audited net profit of the PRC Subsidiary for each of the financial year end of 2016, 2017, 2018 and 2019 (as the case may be)
“Auditor”	the auditor of the PRC Subsidiary

“Auditor Certificate”	the auditor certificate issued by the Auditor certifying the Audited Net Profit, which shall be issued within 60 days after the relevant year end
“Board”	the board of Directors of the Company
“Business Day”	means any day (excluding Saturday and Sunday) on which licensed banks in Hong Kong are open to the general public for business
“Company”	China Oil Gangran Energy Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the GEM (Stock Code: 8132)
“Completion”	the completion of the Acquisition in accordance with the terms and conditions of the Acquisition Agreement
“Completion Accounts”	the unaudited balance sheets (as of a date within 30 days before the Completion Date) and the unaudited profit and loss accounts (for the period from the date of incorporation to a date within 30 days before the Completion Date), together with the consolidated accounts of the Target Group as of the latest month before the Completion Date, presented in a specified format provided by the Company to the Vendors
“Completion Date”	the 20th Business Day after the fulfillment or wavier of all the conditions precedent stipulated in the Acquisition Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the total consideration of RMB100,000,000 for the Acquisition pursuant to the Acquisition Agreement
“Deposit”	the deposit in the aggregate amount of HK\$32,000,000 paid by the Company to the Target Company under the MOU and the Supplemental MOU
“Director(s)”	director(s) of the Company
“Exclusive Distribution Agreement”	the exclusive distribution agreement entered into between the PRC Subsidiary and Longxin Glass on 15 January 2015
“GEM”	the Growth Enterprise Market of the Stock Exchange

“GEM Listing Rules”	Rules Governing the Listing of Securities on the Growth Enterprise Market
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	a party and, if applicable, the ultimate beneficial owner of the party who does not fall into the definition of connected persons of the Company under Chapter 20 of the GEM Listing Rules and independent of the connected persons of the Company and their associates (as defined in the GEM Listing Rules)
“Long Stop Date”	5 April 2016
“Longxin Glass”	Luoyang Longxin Glass Company Limited* (洛陽龍新玻璃有限公司), a company established under the laws of the PRC and indirectly owned as to 89.06% equity interest by Vendor A as at the date of this announcement
“MOU”	the memorandum and understanding entered into between the Company and the Target Company on 7 August 2014
“PRC”	the People’s Republic of China, and for the purposes of this announcement, excluding Hong Kong, Macau and Taiwan
“PRC Subsidiary”	Luoyang Gangxin Trading Company Limited* (洛陽港新貿易有限公司), a company established under the laws of the PRC and wholly-owned subsidiary of the Target Company
“Purchaser”	the Company
“Sale Shares”	800,000,000 ordinary shares of HK\$1.00 each in the share capital of the Target Company, representing the entire issued share capital in the Target Company immediately before Completion

“Second Supplemental MOU”	the second supplemental memorandum and understanding entered into between the Company and the Target Company on 12 February 2015
“Share(s)”	ordinary share(s) of HK\$0.0001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Supplemental MOU”	the supplemental memorandum and understanding entered into between the Company and the Target Company on 20 October 2014
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Sino Grandway International Investment Limited (龍華國際投資有限公司), a company incorporated in Hong Kong with limited liability and is wholly-owned by the Vendors as at the date of this announcement
“Target Group”	the Target Company and the PRC Subsidiary
“Vendor A”	Zhang Weihua (張維華), the legal and beneficial owner of 400,000,000 ordinary shares in the share capital of the Target Company, representing 50% of the Sale Shares
“Vendor B”	Wei Yingming (韋英明), the legal and beneficial owner of 400,000,000 ordinary shares in the share capital of the Target Company, representing 50% of the Sale Shares
“Vendors”	the Vendor A and the Vendor B
“%”	per cent

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

Hong Kong, 5 February 2016

* *For identification purpose only*

For the purpose of illustration only and unless otherwise stated, conversion of RMB into HK\$ in this announcement is based on the exchange rate of RMB1 to HK\$1.2. Such conversion should not be construed as a representation that any amount has been, could have been, or may be, exchanged at this or any other rate.

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.chinaoilgran.com and <http://chinaoilgran.todayir.com>.