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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 CONVERTIBLE BONDS UNDER GENERAL MANDATE

Placing Agent



HF Securities and Futures Limited

THE PLACING AGREEMENT

On 21 April 2016 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Company has conditionally agreed to issue and the Placing Agent has conditionally agreed to procure the Placee(s) to subscribe for the Convertible Bonds of up to an aggregate principal amount of HK\$36,000,000 on a best-effort basis during the Placing Period. The Convertible Bonds shall be offered to the Placee(s) in principal amount of any multiple of HK\$100,000, provided that the minimum principal amount of each Convertible Bond shall not be less than HK\$1,500,000.

Based on the conversion price of HK\$0.15 per Conversion Share, up to a maximum of 240,000,000 Conversion Shares will be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds in full, which represent approximately 2.39% of the existing issued share capital of the Company and approximately 2.33% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares.

GENERAL MANDATE

Upon exercise in full of the conversion rights attaching to the Convertible Bonds, 240,000,000 Conversion Shares shall be allotted and issued under the General Mandate. The General Mandate entitles the Directors to allot, issue and deal with Shares not exceeding 20% of the issued capital of the Company as at the date of the annual general meeting of the Company held on 30 July 2015 approving the General Mandate. The maximum number of Shares allowed to be allotted and issued under the General Mandate was 1,901,014,775 Shares. As at the date of this announcement, 240,000,000 Shares have been utilised by the Company under the General Mandate. Accordingly, the Placing is not subject to the Shareholders' approval.

Shareholders and potential investors should note that Completion of the Placing is subject to fulfillment of the conditions as set out in the section headed "Conditions precedent" below. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

Date: 21 April 2016

Parties: (a) The Company
(b) HF Securities and Futures Limited

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

Pursuant to the Placing Agreement, the Placing Agent has conditionally agreed to procure, on a best effort basis, the Placee(s) to subscribe for the Convertible Bonds of up to an aggregate principal amount of HK\$36,000,000 due on the 18th month from the date of issue, with the conversion rights to convert at the Conversion Price of HK\$0.15 per Conversion Share. The Convertible Bonds shall be offered in principal amount of any multiple of HK\$100,000, provided that the minimum principal amount of each Convertible Bond shall not be less than HK\$1,500,000.

Placee(s)

The Placing Agent shall use all reasonable endeavours to ensure that the Placee(s) and their ultimate beneficial owners shall be Independent Third Parties.

Placing Commission

The Placing Agent will receive a placing commission for the Placing of 4% of the principal amount of the Convertible Bonds being successfully placed. The placing commission for the Placing was determined after arm's length negotiations between the Company and the Placing Agent.

PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

The principal terms of the Convertible Bonds are summarized below:

Principal amount	:	Up to an aggregate principal amount of HK\$36,000,000, provided that the Convertible Bonds shall be offered in principal amount of any multiple of HK\$100,000 and the minimum principal amount of each Convertible Bond shall not be less than HK\$1,500,000.
Maturity Date	:	The date falling on the 18th month from the date of issue.
Interest	:	7% per annum and payable in 2 installments, with the first interest payment to be made on the date falling 12 months from date of issue and second interest payment to be made on the Maturity Date.
Conversion Price	:	HK\$0.15 per Conversion Share, subject to and in accordance with the terms and conditions of the Convertible Bonds.

The Conversion Price of HK \$0.15 per Conversion Share represents:

- (i) a premium of approximately 57.89% over the closing price of HK\$0.095 per Share as quoted on the Stock Exchange on the date of signing of the Placing Agreement;

- (ii) a premium of approximately 51.52% over the average closing price of HK\$0.099 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of signing of the Placing Agreement;
- (iii) a premium of approximately 54.64% over the average closing price of HK\$0.097 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately prior to the date of signing of the Placing Agreement.

The Conversion Price was determined after arm's length negotiations between the Company and the Placing Agent, with reference to the recent performance of the Shares, the Group's existing financial position and current market conditions.

Conversion Shares : Based on the Conversion Price of HK\$0.15, a maximum number of 240,000,000 Conversion Shares shall be allotted and issued upon exercise in full of the conversion rights attaching to the Convertible Bonds, which represent:

- (i) approximately 2.39% of the existing issued share capital of the Company; and
- (ii) approximately 2.33% of the issue share capital of the Company as enlarged by the issue of the Conversion Shares upon exercise in full of the conversion right attaching to the Convertible Bonds.

The Conversion Shares shall be allotted and issued pursuant to the General Mandate.

Conversion Period : The period commencing from the day immediately following 12 months after the date of issue of the Convertible Bonds and ending on the Maturity Date.

Conversion rights : Each holder of the Convertible Bonds shall have the right, exercisable during the Conversion Period by giving not less than 7 days' notice (the "**Conversion Notice**") to the Company, to convert the whole or any part (in multiples of HK\$1,000,000) of the outstanding principal amount of the Convertible Bonds held by such holder of the Convertible Bonds into such number of Conversion Shares as will be determined by dividing the principal amount of the Convertible Bonds to be converted by the Conversion Price in effect on the date of conversion.

No fraction of a Share shall be issued on conversion and in lieu thereof the Company shall pay a cash amount equal to such amount of the Convertible Bond that is not converted.

Automatic conversion : The holders of the Convertible Bonds shall be deemed to have exercised their rights to convert all outstanding Convertible Bonds and such Convertible Bonds will be automatically converted into Conversion Shares at the Conversion Price if, at any time from the date of issue of the Convertible Bonds to the Maturity Date, the average closing price per Share for the immediately preceding 10 consecutive trading days exceeds (but does not include) HK\$0.195, which is 30% more than the Conversion Price.

Conversion restrictions : The Company shall not be required to issue any Conversion Shares, if, as a result of the relevant exercise of the conversion rights attached to the Convertible Bonds:

- (i) the holder of the Convertible Bonds and parties acting in concert with it will trigger a mandatory offer obligation under the Takeovers Code;
- (ii) the holder of the Convertible Bonds and its associates shall become a substantial shareholder of the Company (as defined in the GEM Listing Rules); or
- (iii) less than 25% or the minimum prescribed percentage as set out in the GEM Listing Rules of the Company's issued shares would be held by the public immediately after the relevant exercise of such conversion rights.

Redemption : Redemption at request by the Company

The Company may at any time before the Maturity Date, by giving not less than 2 Business Days' notice to the holders of the Convertible Bonds, redeem all or part of the outstanding Convertible Bonds together with interest accrued up to the date fixed for redemption.

Redemption at maturity

Unless the principal amount of the Convertible Bonds has been redeemed or converted in accordance with the terms and conditions of the Convertible Bond instrument, the holder of the Convertible Bonds may give a written notice to the Company within 7 Business Days before the Maturity Date to request the Company to redeem all or part of the outstanding Convertible Bonds together with interest accrued up to the Maturity Date payable within 3 Business Days after the Maturity Date.

If the Company does not receive any such written notice within 7 Business Days before the Maturity Date, any principal amount of the Convertible Bonds which has not been redeemed or converted in accordance with the terms and conditions of the Convertible Bond instrument by the Maturity Date shall be (i) converted into the Conversion Shares on the Maturity Date or (ii) in the event that the conversion of the Convertible Bonds will trigger a mandatory offer obligation under the Takeovers Code, be redeemed by the Company on the Maturity Date at a redemption amount equal to 100% of the principal amount of the outstanding Convertible Bonds.

Ranking : Conversion Shares issued upon exercise of conversion rights attached to the Convertible Bonds shall rank pari passu in all respects with all other existing Shares outstanding at the date of the Conversion Notice and all Conversion Shares shall include rights to participate in all dividends and other distributions the record date of which falls on or after the date of the Conversion Notice.

Transferability : The Convertible Bonds may be transferred to any person with the Company's consent provided that such transfer shall comply with the GEM Listing Rules and relevant laws and regulations.

Application for listing : No application will be made by the Company to the Stock Exchange for listing of the Convertible Bonds. Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares.

Conditions Precedent

Completion of the Placing shall be conditional upon:

- (a) the Listing Committee granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in all the Conversion Shares which may be fall to be allotted and issued upon the exercise of the conversion right attaching to the Convertible Bonds;
- (b) each of the Company and the Placing Agent having obtained all necessary consents and approvals in respect of the Placing Agreement and the transactions contemplated thereunder; and
- (c) if necessary, all other necessary consents and approval for the issue of the Convertible Bonds having been obtained.

If any of the conditions precedent above is not fulfilled at or before 5:00 p.m. (Hong Kong time) on 5 May 2016 or such later time or date as may be agreed between the Placing Agent and the Company in writing, the Placing Agent may, at any time thereafter, terminate its obligations under the Placing Agreement by notice in writing to the Company, whereupon the obligations of the Placing Agent under the Placing Agreement shall forthwith cease and terminate and neither the Company nor the Placing Agent shall have any claim against any of the others, save for any antecedent breach thereof.

Completion of the Placing

Subject to termination of the Placing Agreement, Completion of the Placing shall take place on the Completion Date (unless otherwise agreed between the Placing Agent and the Company in writing) provided that the conditions precedent have been fulfilled on the second Business Day immediately before the Completion Date (or such later date as may be agreed between the Company and the Placing Agent in writing).

USE OF PROCEEDS

Subject to the outcome of the Placing, the maximum gross and net proceeds (after deducting related expenses) from the Placing are estimated to be HK\$36,000,000 and approximately HK\$34,560,000, respectively. They will be used as general working capital of the Group and/or for financing future investment opportunities.

REASONS FOR THE PLACING

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 Directors are of the view that the Placing represents a good opportunity to raise additional funds for the Company. The Placing will provide immediate funding without immediate dilution of the shareholding of the existing Shareholders, and, on exercise of the conversion rights attaching to the Convertible Bonds, benefit the long-term development of the Company by broadening the capital base of the Company.

As such, the Directors are of the view that the terms of the Placing Agreement, which were arrived at after arm's length negotiations between the Company and the Placing Agent, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

EFFECT OF THE PLACING ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The following table shows the shareholding structure of the Company (i) as at the date of this announcement; and (ii) upon full conversion of the Convertible Bonds (for illustration purposes only):

Shareholder	As at the date of this announcement		Immediate upon full conversion of the Convertible Bonds	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
Placee(s)	–	–	240,000,000	2.33
Public	10,047,438,744	100.00	10,047,438,744	97.67
Total	<u>10,047,438,744</u>	<u>100.00</u>	<u>10,287,438,744</u>	<u>100.00</u>

FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST TWELVE MONTHS

Save as disclosed below, the Company has not undertaken any equity fund raising activities in the past twelve months immediately preceding the date of this announcement:

Date of announcement	Event	Net proceeds received	Intended use of proceeds	Actual use of proceeds
17 December 2015	Placing of Shares	Nil	General working capital of the Group and/or for financing future investment opportunities	Nil
20 January 2016	Placing of Shares	Approximately HK\$24.44 million	General working capital of the Group and/or for financing future investment opportunities	Used as intended
13 April 2016	Placing of convertible bonds	Nil	General working capital of the Group and/or for financing future investment opportunities	Nil

GENERAL MANDATE

Upon exercise in full of the conversion rights attaching to the Convertible Bonds, 240,000,000 Conversion Shares shall be allotted and issued under the General Mandate. The General Mandate entitles the Directors to allot, issue and deal with Shares not exceeding 20% of the issued capital of the Company as at the date of the annual general meeting of the Company held on 30 July 2015 approving the General Mandate 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 General Mandate but no such consideration Shares have been allotted and issued pursuant thereto as at the date of this announcement. Reference is made to the announcement dated 5 February 2016, 240,000,000 Shares have been utilised by the Company under the General Mandate.

As such, as at the date of this announcement, 240,000,000 Shares have been utilised by the Company under the General Mandate. Accordingly, the Placing is not subject to the Shareholders' approval.

Shareholders and potential investors should note that Completion of the Placing is subject to fulfillment of the conditions as set out in the section headed “Conditions precedent” above. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

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(s)”	any day (excluding a Saturday, Sunday or public holiday) on which banks in Hong Kong are open for business 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 whose shares are listed on the GEM;
“Completion”	the completion of the Placing in accordance with the terms and conditions of the Placing Agreement;
“Completion Date”	the day falling on the second Business Day after fulfilment of all conditions precedent or such other date as agreed in writing by the Company and the Placing Agent in respect of Placing as stipulated under the Placing Agreement;
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules;
“Convertible Bonds”	the convertible bonds in the aggregate principal amount of up to HK\$36,000,000 to be issued by the Company convertible up to a maximum of 240,000,000 Conversion Shares at the Conversion Price;

“Conversion Period”	the period commencing from the day immediately following 12th months after the date of issue of the Convertible Bonds and ending on the Maturity Date;
“Conversion Price”	HK\$0.15, subject to and in accordance with the terms and conditions of the Convertible Bonds;
“Conversion Shares”	a maximum of 240,000,000 new Shares to be allotted and issued by the Company upon exercise in full of the conversion rights attaching to the Convertible Bonds;
“Director(s)”	the 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 the GEM;
“General Mandate”	the general mandate granted to the Directors by the independent Shareholders at the annual general meeting of the Company held on 30 July 2015 to allot, issue and deal with up to 1,901,014,775 Shares;
“Group”	the Company and its subsidiaries;
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC;
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are independent of, not connected with and not acting in concert (as defined in the Takeovers Code) with (i) any of the Placees and (ii) the Company or any director, chief executive, substantial shareholder (as defined in the GEM Listing Rules) or connected persons of the Company or any of their respective subsidiaries or any of their respective associates;

“Listing Committee”	the GEM listing committee of the Stock Exchange for consideration applications for listing and the granting of listing;
“Maturity Date”	the date falling on the 18th month from the date of issue of the Convertible Bonds;
“Placee(s)”	any professional, institutional and/or other investor(s) procured by or on behalf of the Placing Agent and/or any of its agent(s) to subscribe for the Bonds pursuant to the Placing Agent’s obligations hereunder;
“Placing”	the proposed placing of the Convertible Bonds or on behalf of the Placing Agent to the Placees pursuant to the Placing Agreement;
“Placing Agent”	HF Securities and Futures Limited;
“Placing Agreement”	the placing agreement dated 21 April 2016 and entered into among the Company and the Placing Agent in respect of the Placing;
“Placing Period”	the period commencing upon the execution of the Placing Agreement and ending on 5 May 2016, unless terminated earlier pursuant to the terms of the Placing Agreement;
“PRC”	The People’s Republic of China;
“Share(s)”	ordinary share(s) of HK\$0.0001 each in the share capital of the Company;
“Shareholder(s)”	shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial shareholder”	has the meaning ascribed to it under the GEM Listing Rules;

“Takeovers Code”	the Codes on Takeovers and Mergers and Share Repurchases issued by the Securities and Futures Commission of Hong Kong;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong; and
“%”	per cent.

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

Hong Kong, 21 April 2016

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>.