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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

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

On 23 April 2019 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Company has agreed to allot and issue and the Subscriber has agreed to subscribe for 15,584,000 Subscription Shares at the Subscription Price on the terms and subject to the conditions set out in the Subscription Agreement.

The Subscription Price was determined after arm's length negotiation between the Company and the Subscriber with reference to the market price of the Shares, the recent trading volume of the Shares and the prospects of the Group. The total subscription price of approximately HK\$5,999,840 is calculated based on the Subscription Price of HK\$0.385 per Subscription Share, which represents: (i) a discount of approximately 19.79% to the closing price of HK\$0.48 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement; and (ii) a premium of approximately 1.58% to the average closing price of approximately HK\$0.379 per Share as quoted on the Stock Exchange for the five trading days of the Shares immediately prior to the date of the Subscription Agreement.

The 15,584,000 Subscription Shares represent (i) approximately 4.10% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 3.94% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares immediately after the Completion, assuming that there will be no change in the issued share capital of the Company (other than the issue of the Subscription Shares) between the date of this announcement and the Completion.

The Subscription is conditional upon the fulfillment of the approval by the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

As Completion is subject to the satisfaction of conditions precedent under the Subscription Agreement and the Subscription may or may not proceed to Completion. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

INTRODUCTION

On 23 April 2019 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Company has agreed to allot and issue and the Subscriber has agreed to subscribe for 15,584,000 Subscription Shares at the Subscription Price on the terms and subject to the conditions set out in the Subscription Agreement.

THE SUBSCRIPTION AGREEMENT

Date: 23 April 2019

Parties: (i) the Company; and
(ii) Mr. Lin Hann Ruey (林翰瑞), as the Subscriber.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Subscriber is Independent Third Party prior to the entering into of the Subscription Agreement and the Subscriber and its associates do not hold any Shares as at the date of this announcement.

Subscription Shares

Subject to the fulfilment of the conditions and the terms set out in the Subscription Agreement, the Company has agreed to allot and issue and the Subscriber has agreed to subscribe for 15,584,000 Subscription Shares at the Subscription Price. The 15,584,000 Subscription Shares represent (i) approximately 4.10% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 3.94% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares immediately after the Completion, assuming that there will be no change in the issued share capital of the Company (other than the issue of the Subscription Shares) between the date of this announcement and the Completion.

The aggregate nominal value of the Subscription Shares is HK\$62,336.

Ranking of the Subscription Shares

The Subscription Shares, when issued and fully paid up, shall rank pari passu among themselves and with all of the Shares in issue as at the Completion Date.

Subscription Price

The total subscription price of approximately HK\$5,999,840 is calculated based on the Subscription Price of HK\$0.385 per Subscription Share, which represents: (i) a discount of approximately 19.79% to the closing price of HK\$0.48 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement, and (ii) a premium of approximately 1.58% to the average closing price of approximately HK\$0.379 per Share as quoted on the Stock Exchange for the five trading days of the Shares immediately prior to the date of the Subscription Agreement.

The Subscription Price was determined after arm's length negotiation between the Company and the Subscriber with reference to the market price of the Shares, the recent trading volume of the Shares and the prospects of the Group. The Board (including the independent non-executive Directors) considers that the Subscription Price and the terms of the Subscription Agreement are fair and reasonable and that the Subscription is in the interests of the Company and the Shareholders as a whole.

The aggregate Subscription Price for all 15,584,000 Subscription Shares shall be settled by the Subscriber in cash upon completion.

Conditions of the Subscription

Completion is conditional upon the fulfillment of the approval by the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares;

If the above condition is not fulfilled on or before 15 May 2019, the Subscription Agreement will lapse and become null and void and the parties will be released from all obligations thereunder, save for, among others, the liabilities for any antecedent breaches thereof.

Completion

Subject to the fulfillment of the conditions precedent, the Completion shall take place on the Completion Date or such other date as the parties may agree in the office of the Company or at such other place in such other manners as the parties may agree and each party shall perform its respective obligations as set out in the Subscription Agreement.

General Mandate

The Subscription Shares will be allotted and issued pursuant to the General Mandate. The maximum number of Shares that can be issued under the General Mandate is 71,424,563 Shares (after taking into account of the Share Consolidation). As at the date of this announcement, the Company has outstanding Notes which were issued under the General Mandate, and upon full exercise of the Notes, 3,750,000 Shares will be issued and allotted under the General Mandate (after taking into account the effect of the adjustments to the outstanding Notes as a result of the Share Consolidation). On 26 March 2019, a total of 22,897,000 Shares have been successfully placed in accordance with the placing agreement dated 21 February 2019. On 12 April 2019, the Company entered into a subscription agreement with a subscriber, pursuant to which 17,570,000 Shares will be issued and allotted under the General Mandate upon completion. As such, the Company has unused General Mandate to issue up to 27,207,563 Shares. The General Mandate is sufficient for the allotment and issue of all the Subscription Shares upon Completion. As such, the issue of the Subscription Shares is not subject to further Shareholders' approval.

Application for listing

Application will be made by the Company to the GEM Listing Committee of the Stock Exchange for granting approval for the listing of, and permission to deal in, the Subscription Shares.

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

The Group is principally engaged in the oil and chemicals trading businesses.

The Directors consider that the Subscription will strengthen the Group's financial position, and enlarge the Shareholders' base of the Company which may in turn enhance the liquidity of the Shares, and provide working capital to the Group to meet its financial obligations.

The gross proceeds of the Subscription are approximately HK\$6.0 million. The net proceeds of the Subscription are approximately HK\$5.7 million. The Company intends to use the net proceeds as follows: HK\$2.5 million will be used as repayment of interest of promissory notes due in the financial year ending 31 March 2019 and HK\$3.2 million will be used as general working capital of the Group where approximately HK\$1.0 million for office expenses; approximately HK\$1.0 million for directors' remuneration and staff costs; and approximately HK\$1.2 million for professional fees.

The Board (including the independent non-executive Directors) considers that the terms of the Subscription Agreement are fair and reasonable and the Subscription is in the interests of the Company and its Shareholders as a whole.

EFFECT ON THE SHAREHOLDING STRUCTURE

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, the existing shareholding structure of the Company as at the date of this announcement and the effect on the shareholding structure of the Company upon issue of the Subscription Shares immediately after the Completion (assuming that there will be no change in the issued share capital of the Company (other than the issue of the Subscription Shares) between the date of this announcement and the Completion) is set out as follows:

Shareholder	As at the date of this announcement		Upon allotment and issue of the Subscription Shares	
	<i>Number of Shares</i>	<i>Approximate %¹</i>	<i>Number of Shares</i>	<i>Approximate %¹</i>
Mr. Zou Donghai	35,000,000	9.21%	35,000,000	8.85%
Dr. Ho Chun Kit Gregory	3,127,500	0.82%	3,127,500	0.79%
Dr. Zheng Jian Peng	2,640,000	0.69%	2,640,000	0.67%
Public Shareholders				
The Subscriber	–	–	15,584,000	3.94%
Other public Shareholders	<u>339,252,318</u>	<u>89.28%</u>	<u>339,252,318</u>	<u>85.76%</u>
Total	<u>380,019,818</u>	<u>100.00%</u>	<u>395,603,818</u>	<u>100.00%</u>

Note:

1. The percentage figures in this table are subject to rounding adjustment.

EQUITY FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

Set out below are the fund raising activities conducted by the Company in the past 12 months immediately prior to the date of this announcement:

Date of initial announcement	Event	Net proceeds (approximately)	Intended use of net proceeds	Actual use of net proceeds (adjusted to actual net proceeds)
22 June 2018	Placing of 1,000,000,000 Shares	Estimated net proceeds: HK\$39.65 million Actual net proceeds: HK\$39.75 million	(i) approximately HK\$28.9 million for the repayment of promissory notes due in the financial year ending 31 March 2019; (ii) approximately HK\$2.25 million for the repayment of interests on bonds; and (iii) approximately HK\$8.5 million as general working capital of the Group where approximately HK\$2.127 million as rental expenses and general administrative expenses; approximately HK\$5.21 million as director's remuneration and staff costs; and approximately HK\$1.163 million as legal and professional fees.	(i) approximately HK\$28.2 million for the repayment of promissory notes due in the financial year ending 31 March 2019 and the balance to be utilised as intended; (ii) utilised as intended; and (iii) approximately HK\$4.27 million as rental expenses and general administrative expenses; approximately HK\$1.03 million as director's remuneration and staff costs; approximately HK\$1.25 million as business marketing expenses; and approximately HK\$1.95 million as legal and professional fees.

Date of initial announcement	Event	Net proceeds (approximately)	Intended use of net proceeds	Actual use of net proceeds (adjusted to actual net proceeds)
4 October 2018	Issue of convertible notes in the aggregate principal amount of HK\$15,000,000 under general mandate	Estimated net proceed: HK\$14.8 million Actual net proceeds: HK\$14.8 million	(i) approximately HK\$5 million for the repayment of interest of promissory notes due in the financial year ending 31 March 2019; (ii) approximately HK\$2.25 million for the repayment of interests on bonds; and (iii) approximately HK\$7.55 million as general working capital of the Group where approximately HK\$4 million for rental expenses and general administrative expenses; approximately HK\$2 million for directors' remuneration and staff costs; and approximately HK\$1.5 million for legal and professional fees.	(i) remains unutilised and to be utilised as intended; (ii) utilised as intended; and (iii) approximately HK\$2.14 million as general working capital of the Group where approximately HK\$1.02 million for rental expenses and general administrative expenses; approximately HK\$0.6 million for directors' remuneration and staff costs; and approximately HK\$0.52 million for legal and professional fees and the balance to be utilised as intended.
21 February 2019 (as amended, varied and supplemented by the first amendment deed dated 8 March 2019 and the second amendment deed dated 11 March 2019)	Placing of 22,897,000 Shares	Estimated net proceed: HK\$6.64 million Actual net proceeds: HK\$6.64 million	(i) approximately HK\$1 million for the repayment on interest of promissory notes due in the financial year ending 31 March 2019; (ii) approximately HK\$2.5 million for the repayment of interests on bonds; and (iii) approximately HK\$3.14 million as general working capital of the Group where approximately HK\$0.785 million for rental expenses and general administrative expenses; approximately HK\$0.785 million for directors' remuneration and staff costs; and approximately HK\$1.57 million for legal and professional fees.	(i) utilised as intended; (ii) utilised as intended; and (iii) approximately HK\$3.11 million as general working capital of the Group where approximately HK\$0.89 million as rental expenses and general administrative expenses; approximately HK\$0.91 million as director's remuneration and staff costs; and approximately HK\$1.31 million as legal and professional fees and the balance to be utilised as intended.

On 12 April 2019, the Company entered into a subscription agreement with a subscriber, pursuant to which the Company has agreed to allot and issue and the subscriber has agreed to subscribe for 17,570,000 Shares. The net proceeds of the then subscription were approximately HK\$5.50 million upon completion.

Save as disclosed, the Company had not conducted any equity fund raising activities involving the issue of its equity securities in the 12 months immediately preceding the date of this announcement.

As Completion is subject to the satisfaction of conditions precedent under the Subscription Agreement and the Subscription may or may not proceed to Completion, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

The following terms have the following meanings in this announcement unless the context otherwise requires:

“Board”	the board of Directors
“Business Day”	any day (excluding a Saturday, Sunday or public holiday) on which banks generally are open for business in Hong Kong and on which the Stock Exchange is open for the business of dealing in securities
“Company”	China Oil Gangran Energy Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose issued Shares are listed on GEM
“Completion”	the completion of the Subscription
“Completion Date”	within three business days after conditions precedent of the Subscription Agreement is fulfilled
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	director(s) of the Company
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM made by the Stock Exchange from time to time

“General Mandate”	the general mandate granted to the Directors pursuant to an ordinary resolution of the Company passed at the annual general meeting of the Company held on 31 August 2018 to allot, issue and deal with new Shares not exceeding 20% of the aggregate number of issued Shares as at the date of passing of such resolution, pursuant to which a remaining balance of 27,207,563 new Shares (after taking into account of the Share Consolidation) may fall to be allotted and issued as at the date of this announcement
“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 Third Party(ies)”	person(s) who is(are) third party(ies) independent of the Company and its connected persons
“Notes”	the 1.5% coupon convertible notes due 2020 in the aggregate principal amount of HK\$15,000,000 issued by the Company to the subscribers pursuant to the subscription agreements, details of which are set out in the announcements of the Company dated 4 October 2018, 23 November 2018 and 28 November 2018
“PRC”	the People’s Republic of China, and for the purpose of this announcement only, excluding Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Share(s)”	ordinary share(s) of with a par value of HK\$0.004 each in the share capital of the Company
“Share Consolidation”	the consolidation of every twenty (20) issued and unissued ordinary shares in the then share capital of the Company into one (1) consolidated share, details of which are set out in the circular of the Company dated 12 November 2018 and the announcement of the Company dated 28 November 2018
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Mr. Lin Hann Ruey (林翰瑞)

“Subscription”	the subscription of the Subscription Shares by the Subscriber pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 23 April 2019 entered into between the Company and the Subscriber in respect of the Subscription
“Subscription Price”	HK\$0.385 per Subscription Share
“Subscription Shares”	15,584,000 new Shares to be allotted and issued by the Company to the Subscriber pursuant to the Subscription Agreement
“%”	per cent

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

Hong Kong, 23 April 2019

As at the date of this announcement, the executive Directors are Mr. Zou Donghai, Mr. Rong Changjun, Mr. Zhang Wenrong, Dr. Zheng Jian Peng, Mr. Yuan Beisheng and Ms. Hui Sai Ha; and the independent non-executive Directors are Mr. Lau Sung Tat, Vincent, Mr. Qin Shihui and Mr. He Wen.

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>.