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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

**VOLUNTARY ANNOUNCEMENT
MEMORANDUM OF UNDERSTANDING IN RESPECT OF
THE POSSIBLE ACQUISITION AND
FORMATION OF JOINT VENTURE**

This voluntary announcement is made by the Company in order to keep the Shareholders and potential investors of the Company informed of the latest business development of the Group.

(A) THE POSSIBLE ACQUISITION

The Board is pleased to announce that on 31 August 2018, the Company and Henan Yuhe entered into the non-legally binding First MOU in relation to the Possible Acquisition. Details of the First MOU are set out below:

The First MOU

Date : 31 August 2018

Parties : (1) China Oil Gangran Energy Group Holdings Limited, as the purchaser; and

(2) Henan Yuhe, as the vendor.

Henan Yuhe is a company established in the PRC with limited liability and is principally engaged in, among others, geological technical service consulting, research and development of new mining technology; technological development and technical consultation of new energy and new material; and sales of graphite powder, refractory materials, energy-saving products, water-soluble coatings, building materials and decorative materials.

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

Assets to be acquired

Pursuant to the First MOU, it is proposed that the Company will acquire and Henan Yuhe will sell certain non-controlling equity interest of Henan Yuhe.

As at the date of the First MOU, Henan Yuhe holds mineral reserve and resources of graphite ore in the total amount of 16.73 million tons and 976,500 tonnes of extracted ore. Henan Yuhe is planning to construct a facility with an expected annual production of 450,000 tons of graphite ore, 10,000 tons of high-end, deep processing graphite and 100 tons of graphene. Henan Yuhe is also planning to invest in a new material industrial park project as well as the development of a retail business of ore products in the malls near the production facility.

Consideration

The amount of the equity interest under the Possible Acquisition as well as the consideration for and the structure of the Possible Acquisition will be subject to further negotiation between the Company and Henan Yuhe.

Formal Agreement

The Company and Henan Yuhe will negotiate in good faith the terms and conditions of the Possible Acquisition. Subject to the results of the due diligence on Henan Yuhe mentioned below being satisfactory, the Company and Henan Yuhe will enter into the Formal Agreement within seven days upon completion of the said due diligence.

Due diligence

The Company will be entitled to conduct the due diligence on the business, litigation and financial aspects of Henan Yuhe.

Reasons for and benefits of the Possible Acquisition

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

The Directors considered that the Possible Acquisition, if materialises, represents a good opportunity for the Group to diversify its business, expand its revenue stream and maximise the returns of the Company and the Shareholders.

In view of the above, the Directors considered that the terms of the First MOU are fair and reasonable and the Possible Acquisition is in the interests of the Company and the Shareholders as a whole.

(B) THE FORMATION OF JOINT VENTURE

The Board is pleased to announce that on 10 October 2018, the Company and DMCC entered into the non-legally binding Second MOU in relation to the Formation of the Joint Venture. Details of the Second MOU are set out below:

The Second MOU

Date : 10 October 2018

Parties : (1) China Oil Gangran Energy Group Holdings Limited; and
(2) Beyond Group DMCC.

DMCC is a company incorporated in Dubai of the United Arab Emirates and is principally engaged in the import and export of oil equipment as well as trading of filters and purification devices, pipes and fittings, water treatment equipment and all kinds of commodities.

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

Proposed Formation of the Joint Venture

The Company and DMCC proposes to enter into the JV Agreement in connection with the Formation of the Joint Venture in Dubai of the United Arab Emirates, which will be principally engaged in, among others, the import and export, trading of oil and oil equipment and other related businesses.

Shareholding Structure and Capital Contribution

The amount of capital contributions to be made by the Company and DMCC into the Joint Venture will be subject to further negotiations between the parties and will be in proportion to their respective shareholding percentages in the joint venture.

The Joint Venture Agreement

The Company and DMCC will negotiate in good faith to ensure that the JV Agreement be entered into within 30 days upon signing of the Second MOU or such later date as the Company and DMCC may agree in writing.

Reasons for and benefits of the Formation of Joint Venture

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

The Directors considered that the Formation of Joint Venture, if materialises, represents a good opportunity for the Group to strengthen its existing oil and chemicals trading business and expand its business to Dubai of the United Arab Emirates by leveraging on DMCC's local supplier network, technological know-how and reputation in the market.

In view of the above, the Directors considered that the terms of the Second MOU are fair and reasonable and the Formation of Joint Venture is in the interests of the Company and the Shareholders as a whole.

The Board wishes to emphasise that the First MOU and the Second MOU are not legally binding and the Possible Acquisition and Formation of Joint Venture may or may not proceed. Further announcement in respect of the Possible Acquisition and Formation of Joint Venture will be made by the Company as and when appropriate in compliance with the GEM Listing Rules. Shareholders and investors of the Company are urged to exercise caution when dealing in the Shares.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	China Oil Gangran Energy Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability and 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
“DMCC”	Beyond Group DMCC, a company incorporated in Dubai of the United Arab Emirates
“First MOU”	the non-legally binding memorandum of understanding dated 31 August 2018 and entered into between the Company and Henan Yuhe in relation to the Possible Acquisition
“Formal Agreement”	the formal agreement to be entered into between the Company and EEC in relation to the Possible Acquisition
“Formation of Joint Venture”	the proposed formation of the joint venture in Dubai of the United Arab Emirates by the Company and DMCC, which will be principally engaged in, among others, the import and export, trading of oil and oil equipment and other related businesses
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Henan Yuhe”	河南煜和礦業有限責任公司 (Henan Yuhe Mining Co., Ltd.*), a company established in the PRC with limited liability

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons
“JV Agreement”	the formal joint venture agreement to be entered into between the Company and DMCC in relation to the Formation of Joint Venture
“Possible Acquisition”	the possible acquisition of certain non-controlling equity interest in Henan Yuhe by the Company as contemplated under the First MOU
“PRC”	the People’s Republic of China, and for the purposes of this announcement, excluding Hong Kong, Macau and Taiwan
“Second MOU”	the non-legally binding memorandum of understanding dated 10 October 2018 and entered into between the Company and DMCC in relation to the Formation of Joint Venture
“Share(s)”	ordinary share(s) of HK\$0.0002 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong

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

Hong Kong, 11 October 2018

As at the date of this announcement, the executive Directors are Mr. Zou Donghai, Mr. Rong Changjun, Dr. Ho Chun Kit Gregory and Dr. Zheng Jian Peng; and the independent non-executive Director are Mr. Lau Sung Tat, Vincent and Mr. Tam Kim Fung.

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>.

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