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## **Grand Ocean Advanced Resources Company Limited**

**弘海高新資源有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 65)**

### **MEMORANDUM OF UNDERSTANDING IN RELATION TO THE PROPOSED INVESTMENT**

This announcement is made by Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the SFO.

The Board announces that on 4 January 2024 (after trading hours), Big Wish (a direct wholly-owned subsidiary of the Company), the Project Company and the Project Company Shareholders (including the Guarantor) entered into the MOU for the Proposed Investment in the equity interest of the Project Company.

Pursuant to the MOU, during the Exclusivity Period, the Project Company shall not (and shall procure his agents and advisers not to) directly or indirectly discuss or negotiate with any third party on any sale or transfer of any shares or material assets of the Project Company and the Copper Mine.

The Formal Agreement will be entered into by the Parties within 7 days (or any other date as the Parties may otherwise agree) upon completion and satisfaction of the Due Diligence Review by Big Wish.

Pursuant to the MOU, Big Wish shall pay the Project Company the Refundable Deposit in the amount of RMB30 million (equivalent to approximately HK\$33 million) as earnest money on or before 10 January 2024 (or any other date as the Parties may otherwise agree).

**Shareholders and potential investors should note that the Proposed Investment may or may not materialize. Shareholders and potential investors are therefore reminded to exercise caution when dealing in the Shares of the Company.**

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## **MEMORANDUM OF UNDERSTANDING**

The Board announces that on 4 January 2024 (after trading hours), Big Wish (a direct wholly-owned subsidiary of the Company), the Project Company and the Project Company Shareholders (including the Guarantor) entered into the MOU.

### **Date**

4 January 2024 (after trading hours)

### **Parties**

- (1) Big Wish;
- (2) the Project Company; and
- (3) the Project Company Shareholders, including the Guarantor.

(Collectively, the “**Parties**”)

To the best of knowledge, information and belief of the Board and after making all reasonable enquiries, the Project Company Shareholders (including the Guarantor), the Project Company and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

### **Subject Matter**

Big Wish may invest in the equity interest of the Project Company by acquiring the existing shares from the Project Company Shareholders for the investment in the Copper Mine, subject to the negotiation and execution of the terms of the Proposed Investment.

To the best of knowledge, information and belief of the Company, the Project Company has entered into a sale and purchase agreement for the acquisition of the 51% interest of the Copper Mine located in Laos.

As at the date of this announcement, the vendor of such sale and purchase agreement is in the process of transferring the 51% interest of the Copper Mine to the Project Company.

Based on the assessment performed by the Company on the results of the preliminary exploration on the Copper Mine conducted by the Project Company, the Copper Mine covers a mining area of approximately 24 km<sup>2</sup>, with an estimated copper reserves of approximately 100,000 tons. Furthermore, the Copper Mine also contains other minerals such as iron and silver. As such, the Directors consider that the potential economic value of the Copper Mine is relatively high.

### **Exclusivity Period**

During the Exclusivity Period, Big Wish shall have exclusive right to discuss, negotiate and finalise the Formal Agreement with the Project Company and the Project Company shall not (and shall procure his agents and advisers not to) directly or indirectly discuss, negotiate or agree with any other party relating to the Proposed Investment.

### **Due Diligence Review**

Pursuant to the MOU, Big Wish shall be entitled to perform the legal and financial Due Diligence Review of the assets, liabilities, business, financial and other affairs of the Project Company and the Copper Mine, and the Project Company and the Guarantor shall assist Big Wish in performing the Due Diligence Review.

### **Termination**

The MOU will be terminated:

- (i) upon expiry of the Exclusivity Period; or
- (ii) upon the Parties entering into the Formal Agreement; or
- (iii) by agreement of the Parties to the MOU in writing; or
- (iv) if the Proposed Investment failing to obtain approvals from the board of directors of the Project Company or the Company; or
- (v) if the Proposed Investment failing to obtain approvals from the relevant government departments and regulatory authorities in Laos (if applicable).

## **Refundable Deposit**

Pursuant to the MOU, the Refundable Deposit of RMB30 million (equivalent to approximately HK\$33 million) shall be payable by Big Wish to the Project Company as earnest money on or before 10 January 2024 (or any other date as the Parties may otherwise agree).

In the event the Formal Agreement is entered into by the Parties, the Refundable Deposit shall form part of the consideration payable by Big Wish for the Proposed Investment in accordance with the terms of the Formal Agreement.

The Refundable Deposit shall be returned to Big Wish in full within 7 days upon the occurrence of any of the following events, inter alia,

- (i) Big Wish being not satisfied with the results of the Due Diligence Review on or before the expiry of the Exclusivity Period (or any extended period); or
- (ii) Big Wish being satisfied with the results of the Due Diligence Review but the Project Company (or party(ies) which the Project Company should procure) rejecting or failing to enter into the Formal Agreement; or
- (iii) the Parties failing to enter into the Formal Agreement during or before the expiry date of the Exclusivity Period due to whatever reason; or
- (iv) by the agreement between the Parties.

In the event the Project Company fails to refund the Refundable Deposit to Big Wish in full within 7 days upon the occurrence of the aforementioned events,

- (i) a default interest of 5% per annum accrued on the Refundable Deposit shall be payable by the Project Company for the period commencing on and including the date of the payment of the Refundable Deposit to the date it has been fully returned to Big Wish; and
- (ii) the Project Company shall transfer the 51% interest of the Copper Mine or any other assets of the Copper Mine (if any) owned and held by the Project Company to Big Wish.

## **Guarantee**

The Guarantor, as one of the Project Company Shareholders, shall irrevocably guarantee the duly performance of the duties and obligations of the Project Company under the MOU (including but not limited to, the return of the Refundable Deposit).

## **Binding Effect**

Save for the terms relating to the Exclusivity Period, the Refundable Deposit and the termination of the MOU, the MOU does not constitute a legally binding agreement on the Parties.

## **INFORMATION OF THE PROJECT COMPANY**

The Project Company is a company established in Laos with limited liability. As at the date of this announcement, the Project Company is owned as to 52% by the Guarantor, 32% by Mr. Liu Fa\* (劉法) and 16% by Mr. Sun Guangzhi\* (孫光志). All of them are Independent Third Parties to the Company.

The Project Company has entered into a sale and purchase agreement for the acquisition of the 51% interest of the Copper Mine in Laos. As at the date of this announcement, the vendor of such sale and purchase agreement is in the process of transferring the 51% interest of the Copper Mine to the Project Company.

## **INFORMATION OF BIG WISH**

Big Wish is an investment holding company incorporated in the British Virgin Island with limited liability and is directly wholly-owned by the Company.

## **INFORMATION OF THE GUARANTOR**

Mr. Zeng Quanrong\* (曾泉榮) is a PRC citizen and one of the Project Company Shareholders.

## **REASONS FOR ENTERING INTO THE MOU**

As disclosed in the annual report of the Company for the year ended 31 December 2022 (“FY2022”), the Company mainly focuses on the sale of the coals produced from a coal mine located in Inner Mongolia of the PRC (the “**Coal Mining Business**”), which generated the majority of the total revenue of the Group in FY2022.

The Company realised the need to diversify its income sources and reduce reliance on its Coal Mining Business due to the constraint of production scale as well as tightening industry policies in the PRC.

Given the environmental awareness and policies supporting the development of new energy vehicles promulgated by worldwide governance, the Directors consider that the demand for electric vehicles and the construction of related infrastructure such as charging stations for electric vehicles is expected to increase accordingly. As copper plays a crucial role in the manufacturing of the components of electric vehicles, including the motor, battery, wiring, and related infrastructure, the Directors are of the view that the global demand for copper will significantly increase in the future following the increase in the demand for electric vehicles.

The Copper Mine, which will be owned as to 51% by the Project Company, has abundant high-quality copper reserves. As such, the Directors consider that the Proposed Investment, if materialized, will allow the Group to secure a strategic position in the copper market and diversify its revenue sources.

In addition, the Directors believe that the entering into of the MOU can facilitate the implement of the relevant Due Diligence Review on the Project Company and the Copper Mine.

Taking account into above, the Directors consider that the terms of the MOU are negotiated at arm's length basis and on normal commercial terms and are fair and reasonable and that it is in the interest of the Company and the Shareholders as a whole to enter into the MOU.

**Shareholders and potential investors should note that the Proposed Investment may or may not materialize. Shareholders and potential investors are therefore reminded to exercise caution when dealing in the Shares of the Company.**

## **DEFINITIONS**

“Big Wish”	Big Wish Group Limited (弘願集團有限公司), a limited company incorporated in British Virgin Island and is directly wholly-owned by the Company
“Board”	the board of Directors
“Company”	Grand Ocean Advanced Resources Company Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 65)

“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Copper Mine”	a copper mine located in Ban Ao Village, Anouvong District, Sainyabuli Province, the Laos* (老撾賽松奔省阿怒翁縣班熬村)
“Due Diligence Review”	due diligence to be conducted by Big Wish on, inter alia, the business, legal and financial aspects of the Project Company and the Copper Mine pursuant to the MOU
“Director(s)”	the director(s) of the Company
“Exclusivity Period”	the period of 6 months from the date of the MOU
“Formal Agreement”	the formal agreement to be entered into by the relevant parties setting forth in detail the terms, provisions and conditions for the Proposed Investment
“Group”	the Company and its subsidiaries
“Guarantor”	Mr. Zeng Quanrong* (曾泉榮), one of the Project Company Shareholders
“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) or company(ies) and their respective ultimate beneficial owner(s) which, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, are third parties independent of and not connected with the Company and its connected persons as defined in the Listing Rules
“km <sup>2</sup> ”	square kilometer
“Laos”	the Lao People’s Democratic Republic
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“MOU”	the memorandum of understanding dated 4 January 2024 entered into between Big Wish, the Project Company and the Project Company Shareholders (including the Guarantor) in relation to the Proposed Investment
“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region and Taiwan
“Project Company”	Taishan Jiujiu Investment Laos Trade Co., Ltd (老撾泰山久久投資貿易有限公司), a company established in Laos with limited liability, which is directly owned as to 52% by the Guarantor, 32% by Mr. Liu Fa* (劉法) and 16% by Mr. Sun Guangzhi* (孫光志)
“Project Company Shareholders”	Three independent third parties, namely Mr. Liu Fa* (劉法), Mr. Zeng Quanrong* (曾泉榮) and Mr. Sun Guangzhi* (孫光志), who are the legal and beneficial owners of the entire issued share capital of the Project Company
“Proposed Investment”	the proposed investment in the Project Company by Big Wish contemplated under the MOU
“Refundable Deposit”	a refundable deposit of RMB30 million (equivalent to approximately HK\$33 million) payable by Big Wish to the Project Company pursuant to the MOU
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 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
“%”	per cent



*For the purpose of this announcement and for the purpose of illustration only, RMB amounts have been translated using the rate of RMB1.00=HK\$1.11. Such translation should not be construed as a representation that the RMB amounts in question have been, could have been or could be converted to HK\$ at such rate or at all.*

*\* For identification purpose only*

By Order of the Board  
**Grand Ocean Advanced Resources Company Limited**  
**Ng Ying Kit**  
*Executive Director*

Hong Kong, 4 January 2024

*As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Ng Ying Kit, Mr. Guo Jianpeng and Mr. Jiang Xin; one non-executive Director, namely Mr. Hu Xiutong; and three independent non-executive Directors, namely Mr. Lee Wai Ming, Mr. Chang Xuejun and Mr. Ho Man.*