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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)**

### **PLACING OF NEW SHARES UNDER GENERAL MANDATE**

#### **Placing Agent**



**元宇宙(國際)證券有限公司**

Yuen Meta (International) Securities Limited

On 9 February 2024 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, a maximum number of 322,692,000 Placing Shares at the Placing Price of HK\$0.185 per Placing Share to not less than six Placers who and whose ultimate beneficial owners shall be Independent Third Parties.

Assuming there will be no change in the number of issued Shares between the date of this announcement and the date of Completion, the maximum number of 322,692,000 Placing Shares represent (i) approximately 18.72% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 15.77% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

The Placing Price of HK\$0.185 per Placing Share represents: (i) a discount of approximately 18.86% to the closing price of HK\$0.228 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; (ii) a discount of approximately 19.77% to the average closing price per Share of approximately HK\$0.2306 as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement; and (iii) a premium of approximately 65.18% to the net assets value per Share of approximately HK\$0.112 based on the net assets value and the number of issued Shares of 1,613,477,166 as at 30 June 2023.

Assuming the maximum number of 322,692,000 Placing Shares are fully placed, the gross proceeds and net proceeds (after deducting the placing commission and other related expenses) are estimated to be approximately HK\$59.7 million and approximately HK\$59.1 million respectively. The Company intends to apply the net proceeds from the Placing for: (i) the potential investment in the copper mine located in Laos as announced by the Company on 4 January 2024 and other potential mining related investments; (ii) enhancing the existing coal mining machineries and systems and other potential mining related business, including but not limited to the coals, commodities and minerals trading business; and (iii) the general working capital of the Group.

**Shareholders and potential investors should note that the completion of the Placing is subject to the fulfillment of the conditions under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

Details of the Placing Agreement are set out as follows:

## **THE PLACING AGREEMENT**

### **Date**

9 February 2024 (after trading hours)

### **Parties**

Issuer: The Company

Placing Agent: Yuen Meta (International) Securities Limited

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

## **Placees**

It is expected that the Placing Shares will be placed to not less than six Placees who shall be individual, professional, institutional or other investors that are independent of and not connected with the Company, the connected persons of the Company and their respective associates, and who and whose ultimate beneficial owners are Independent Third Parties.

## **Number of Placing Shares**

As at the date of this announcement, the Company has 1,723,477,166 Shares in issue. Assuming there will be no change in the number of issued Shares between the date of this announcement and the date of Completion, the maximum number of 322,692,000 Placing Shares represent (i) approximately 18.72% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 15.77% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. The aggregate nominal value of the Placing Shares is HK\$3,226,920.

## **Placing Price**

The Placing Price of HK\$0.185 per Placing Share represents:

- (i) a discount of approximately 18.86% to the closing price of HK\$0.228 per Share as quoted on the Stock Exchange on the date of the Placing Agreement;
- (ii) a discount of approximately 19.77% to the average closing price per Share of approximately HK\$0.2306 as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement; and
- (iii) a premium of approximately 65.18% to the net assets value per Share of approximately HK\$0.112 based on the net assets value and the number of issued Shares of 1,613,477,166 as at 30 June 2023.

The Placing Price was determined on an arm's length basis between the Company and the Placing Agent and with reference to the prevailing market price of the Shares. The Directors consider that the Placing Price and the terms of the Placing Agreement are fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

## **Placing Commission**

The Placing Agent will receive a placing commission of 1% of the amount which is equal to the Placing Price multiplied by the number of Placing Shares actually placed by the Placing Agent. The placing commission in respect of the Placing was negotiated on an arm's length basis between the Company and the Placing Agent with reference to the prevailing market commission rate charged by other placing agents. The Directors consider that the placing commission are fair and reasonable.

## **Ranking of Placing Shares**

The Placing Shares, when issued and fully paid, will rank pari passu in all respects among themselves and with the existing Shares in issue on the date of allotment and issue of the Placing Shares.

## **General Mandate to allot and issue of the Placing Shares**

The Placing Shares will be allotted and issued under the General Mandate granted to the Directors at the annual general meeting of the Company held on 21 June 2023 upon Shareholders' approval. Pursuant to the General Mandate, the total number of new Shares that the Directors are authorised to allot and issue is 322,695,433 new Shares. Up to the date of this announcement, no new Shares have been issued under the General Mandate.

## **Condition of the Placing**

Completion of the Placing is conditional upon:

- (i) the Listing Committee granting the approval for the listing of, and permission to deal in, the Placing Shares; and
- (ii) the Placing Agreement not having been terminated pursuant to the terms of the Placing Agreement.

If any of the conditions precedent above is not fulfilled at or before 5:00 p.m. (Hong Kong time) on Long Stop Date, either the Company or the Placing Agent may terminate the Placing Agreement by notice in writing given to other party and all obligations of the Placing Agent and of the Company under the Placing Agreement shall cease and terminate and none of the parties shall have any claim against the other in relation thereto.

### **Application for listing**

The Company will apply to the Listing Committee for the listing of, and permission to deal in the Placing Shares.

### **Completion**

The Completion shall take place on the Completion Date.

### **Termination**

If any of the following events occurs at any time prior to 11:00 a.m. (Hong Kong time) on the Completion Date, the Placing Agent shall have the right exercisable at any time by notice in writing to the Company to terminate the Placing Agreement:

- (a) any material breach of, or any event rendering untrue or incorrect in any material respect, any of the representations and warranties of the Company contained in the Placing Agreement or any failure to perform any of the Company's undertakings in the Placing Agreement;
- (b) any new law, rule or regulation or any change in existing laws (including common law), rules or regulations (or the juridical interpretation thereof) or other occurrence of any nature whatsoever which, in the reasonable opinion of the Placing Agent, are or may be materially adverse to the business or financial position of the Group taken as a whole or otherwise makes it inexpedient or inadvisable to proceed with the Placing;
- (c) any change, or development (regardless of whether permanent or not) involving a prospective change, in or affecting, the business, management, general affairs, assets and/or liabilities, prospects, shareholders' equity, results of operations or position, financial or otherwise, of the Company or the Group as a whole, regardless of whether or not arising in the ordinary course of business;

- (d) any suspension of dealings in the Shares for any period of five (5) consecutive trading days or more except for suspension relating to any transaction under the Placing Agreement;
- (e) in the reasonable opinion of the Placing Agent, the success of the Placing may be, would be or might be adversely affected by any force majeure events:
  - (i) any event or circumstance (whether or not forming part of a series of events or circumstances occurring or continuing before, on and/or after the date of the Placing Agreement) or material change or deterioration in local, national, international, political, military, financial, economic, market or trading conditions or any other conditions (whether or not ejusdem generis with any of the foregoing) in any part of the world in which the Company or any of its subsidiaries carries on business which, in the reasonable opinion of the Placing Agent, is or may be materially adverse to the business or financial position of the Group taken as a whole or otherwise makes it inexpedient or inadvisable to proceed with the Placing;
  - (ii) any event, or series of events beyond the reasonable control of the Placing Agent, including but not limited to acts of government, strikes, labour disputes, lock-outs, fire, explosion, flooding, storm, tempest, typhoon, accident, civil commotion, economic sanctions, epidemic, outbreak of infectious disease, pandemic, outbreak or escalation of hostilities (local, national, international or otherwise), acts of war, terrorism, and acts of God; or
  - (iii) any moratorium, suspension or material restriction on trading in shares or securities generally on the Stock Exchange;
- (f) any of the Placing Shares are not delivered by or on behalf of the Company in accordance with the Placing Agreement.

In the event that the Placing Agent terminates the Placing Agreement, all obligations of each of the parties under the Placing Agreement shall cease and determine and no party shall have any claim against any other party in respect of any matter arising out of or in connection with the Placing Agreement except for any breach arising prior to such termination.

## **REASONS FOR THE PLACING AND USE OF PROCEEDS**

The Group is principally engaged in the production and sale of coal in the PRC.

Assuming the maximum number of 322,692,000 Placing Shares are fully placed, the gross proceeds from the Placing will be approximately HK\$59.7 million. The net proceeds, after deduction of all relevant expenses (including but not limited to placing commission, professional fees and other related expenses) incidental to the Placing, are estimated to be approximately HK\$59.1 million, representing a net issue price of approximately HK\$0.183 per Placing Share. The Company intends to apply the net proceeds from the Placing as follows:

- (1) approximately HK\$35.0 million (representing approximately 59.2% of the net proceeds) shall be applied for the potential investment in the copper mine located in Laos as announced by the Company on 4 January 2024 and other potential mining related investments;
- (2) approximately HK\$14.0 million (representing approximately 23.7% of the net proceeds) will be applied to enhance the existing mining machineries and systems and other potential mining related business, including but not limited to the coals, commodities and minerals trading business; and
- (3) approximately HK\$10.1 million (representing approximately 17.1% of the net proceeds) will be used for general working capital of the Group.

The Directors consider that the Placing represents an opportunity to raise additional funding for the business operations and development of the Group and will further broaden the Group's shareholders and capital base, providing working capital to the Group to meet any financial needs of the Group without any interest burden under current market sentiment.

The Directors consider that the terms of the Placing Agreement (including the Placing Price and the placing commission) are on normal commercial terms after arm's length negotiations between the Company and the Placing Agent and are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

## FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company has not conducted any other fund raising activities involving the issue of its equity securities in the past twelve months immediately preceding the date of this announcement.

Set forth below are the detailed breakdown of the utilisation of net proceeds from the issue of the convertible bonds by the Company on 18 July 2022:

	<b>Intended use of net proceeds HK\$'000</b>	<b>Accumulated amount of net proceeds utilised as at 31 December 2022 HK\$'000</b>	<b>Accumulated amount of net proceeds utilised as at 30 June 2023 HK\$'000</b>	<b>Accumulated amount of net proceeds utilised as at 31 December 2023 HK\$'000</b>
(1) Enhance the mining and mineral related businesses				
(i) Enhance the existing coal mining machineries and systems		8,708	10,526	13,781
(ii) Coal trading business		–	26,474	7,757 (note)
Subtotal	37,000	8,708	37,000	21,538
(2) General working capital	<u>2,800</u>	<u>2,800</u>	<u>2,800</u>	<u>2,800</u>
Total	<u>39,800</u>	<u>11,508</u>	<u>39,800</u>	<u>24,338</u>

As at 31 December 2023, the unutilised net proceeds were approximately HK\$15.5 million.

*Note:*

An amount of approximately HK\$18.7 million utilised in coal trading business had returned to the Group as at 31 December 2023.



## CHANGE OF USE OF PROCEEDS

After due and careful consideration of the business development of the Group, the Board has resolved to change the use of the unutilised net proceeds of approximately HK\$15.5 million from enhancing the mining and mineral related businesses to the potential investment in the copper mine located in Laos as refundable deposit announced by the Company on 4 January 2024.

As of the date of this announcement, the net proceeds from the issue of the convertible bonds by the Company on 18 July 2022 have been fully utilised.

## EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the Completion, assuming that the maximum number of 322,692,000 Placing Shares are to be issued and there is no change in the issued share capital of the Company between the date of this announcement and the Completion:

	As at the date of this announcement		Immediately after completion of the Placing	
	<i>Number of Shares</i>	<i>Approximately %</i>	<i>Number of Shares</i>	<i>Approximately %</i>
Liu Chang Deng	156,154,315	9.06%	156,154,315	7.63%
The Placees	–	N/A	322,692,000	15.77%
Other public Shareholders	<u>1,567,322,851</u>	<u>90.94%</u>	<u>1,567,322,851</u>	<u>76.60%</u>
Total	<u>1,723,477,166</u>	<u>100.00%</u>	<u>2,046,169,166</u>	<u>100.00%</u>

**Shareholders and potential investors should note that the completion of the Placing is subject to the fulfillment of the conditions under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## **DEFINITIONS**

Unless the context requires otherwise, the following terms have the following meanings in this announcement:

“associates”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day (excluding Saturdays, Sundays or public holidays) on which commercial banks are open for general banking business in Hong Kong
“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)
“Completion”	the completion of the placing of the Placing Shares in accordance with the terms and conditions as set out in the Placing Agreement
“Completion Date”	means three (3) Business Days after the conditions precedent of the Placing Agreement have been fulfilled
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors by a resolution of the Shareholders passed at the annual general meeting of the Company held on 21 June 2023 to allot and issue up to 20% of the total number of Shares of the Company in issue on the same date

“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) 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
“Laos”	the Lao People’s Democratic Republic
“Listing Committee”	the listing committee appointed by the Stock Exchange for considering applications for listing and approving the listing of and dealing with securities on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	29 February 2024 or such other date as the Company and the Placing Agent may agree in writing
“Placee(s)”	any individual, professional, institutional and other investors selected and procured by or on behalf of the Placing Agent pursuant to its obligations hereunder and are professional investor as defined in the SFO and as extended by the Professional Investor Rules
“Placing”	the placing by or on behalf of the Placing Agent of the Placing Shares and subject to the terms and conditions set out in the Placing Agreement
“Placing Agent”	Yuen Meta (International) Securities Limited, a licensed corporation to carry out Regulated Activity Type 1 (dealing in securities) under the SFO, acting as the sole and exclusive placing agent of the Placing Shares under the Placing Agreement

“Placing Agreement”	the conditional placing agreement dated 9 February 2024 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$0.185 per Placing Share
“Placing Share(s)”	up to 322,692,000 new Shares to be placed pursuant to the Placing Agreement
“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
“Professional Investor Rules”	means the Securities and Futures (Professional Investor) Rules (Chapter 571D of the Laws of Hong Kong) for the time being in force
“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

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

Hong Kong, 9 February 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.*