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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)

DISCLOSEABLE TRANSACTION

**(1) SUPPLEMENTAL AGREEMENT IN RELATION TO ACQUISITION
OF THE ENTIRE EQUITY INTEREST IN THE TARGET COMPANY;**

AND

**(2) TERMINATION OF SUBSCRIPTION IN NEW SHARES
IN THE TARGET COMPANY**

BACKGROUND

Reference is made to the announcement of Grand Ocean Advanced Resources Company Limited (the “**Company**”) dated 22 April 2024 (the “**Acquisition Announcement**”) with respect to the discloseable transactions in relation to the (i) Acquisition of the entire equity interest; and (ii) Subscription in new shares in the Target Company. Unless otherwise defined in this announcement, capitalised terms used herein shall have the same meanings as those defined in the Acquisition Announcement.

THE SUPPLEMENTAL AGREEMENT

On 5 July 2024 (after trading hours), Big Wish Global and the Vendors entered into a supplemental agreement to amend and supplement certain terms of the Sale and Purchase Agreement (the “**Supplemental Agreement**”).

The principal terms of the Supplemental Agreement are as follows:

Date: 5 July 2024

- Parties:
- (i) Big Wish Global, as the purchaser;
 - (ii) Mr. Zeng Quanrong, as the revised vendor (the “**Revised Vendor**”), held 520 issued shares of the Target Company as at the date of this announcement; and
 - (iii) Mr. Liu Fa and Mr. Sun Guangzhi, as the remaining shareholders of the Target Company (collectively referred to as the “**Remaining Shareholders**”), held 320 and 160 issued shares of the Target Company respectively as at the date of this announcement.

(Collectively, the “**Parties**”)

Amendment of the Sale Shares

Pursuant to the Supplemental Agreement,

- (i) Big Wish Global has conditionally agreed to acquire and the Revised Vendor has conditionally agreed to sell the 520 issued shares of the Target Company (the “**Revised Sale Shares**”) owned by the Revised Vendor, representing 52% of the issued share capital of the Target Company (the “**Revised Acquisition**”) as the date of this announcement; and
- (ii) Big Wish Global will not acquire, and the Remaining Shareholders will not sell the 480 issued shares of the Target Company owned by them, representing 48% of the issued share capital of the Target Company as the date of this announcement.

Upon the completion of the Revised Acquisition, the Target Company will become an indirect non wholly-owned subsidiary of the Company, and the financial results of the Target Group will be consolidated into the accounts of the Group.

Amendment of Consideration and payment terms

The total consideration of the Revised Acquisition is RMB24.8 million (equivalent to approximately HK\$26.6 million) (the “**Revised Consideration**”), which was determined after arm’s length negotiations between Big Wish Global and the Revised Vendor on normal commercial terms with reference to, among other things:

- (i) the market value of the 51% equity interests of the Project Company as at the Valuation Date as conducted by the Valuer by using income approach of approximately RMB115.0 million (equivalent to approximately HK\$123.4 million) as disclosed in the announcement of the Company dated 10 May 2024;
- (ii) the payables of the Target Company in the aggregate amount of approximately RMB66.7 million (equivalent to approximately HK\$71.6 million) accrued to (i) one of the Remaining Shareholders as at 31 March 2024 in the amount of approximately RMB36.7 million (equivalent to approximately HK\$39.4 million) and (ii) the Revised Vendor in the amount of RMB30.0 million (equivalent to approximately HK\$32.2 million) as a result of the termination of the Subscription Agreement; and
- (iii) the factors as set out in the section headed “Reasons for and benefits of the Acquisition and Subscription” of the Acquisition Announcement and “Reasons for and benefits of the entering into of the Supplemental Agreement and the Termination Agreement” of this announcement.

The Revised Consideration shall be settled in the following manner:

- (i) a first payment of RMB20 million (equivalent to approximately HK\$21.5 million) has been paid by Big Wish Global to the Revised Vendor on 23 April 2024 as the deposit for the Consideration under the Sale and Purchase Agreement (the “**First Payment**”); and
- (ii) the remaining balance of the Revised Consideration amounting to RMB4.8 million (equivalent to approximately HK\$5.1 million) shall be payable by Big Wish Global to the Revised Vendor on the date of the completion of the Revised Acquisition.

Amendment of conditions precedent

The completion of the Revised Acquisition is subject to the following conditions precedent:

- (i) conditions precedent (i) to (v) in the Sale and Purchase Agreement;
- (ii) both the Revised Vendor and Big Wish Global having obtained the necessary authorisations, approvals, clearances, consents, and/or waivers from government departments, regulatory authorities and Shareholders as required under the Listing Rules in connection with the Sale and Purchase Agreement and Supplemental Agreement and the transactions contemplated therein;
- (iii) the warranties of the Revised Vendor and Remaining Shareholders contained in the Sale and Purchase Agreement and Supplemental Agreement remaining true and accurate in any material respect up to the date of the completion of the Revised Acquisition;
- (iv) Big Wish Global having obtained a written resolution passed by the shareholders of the Target Company (including the Revised Vendor and Remaining Shareholders) approving the Revised Acquisition;
- (v) a written consent letter having been issued by the Remaining Shareholders on the Revised Acquisition; and
- (vi) the Target Company, Big Wish Group Limited and Big Wish Global having entered into of the Termination Agreement (as defined below).

Except for the conditions (i) to (ii) and (iv) to (vi) above, Big Wish Global may waive any conditions precedent above by providing written notice to the Revised Vendor.

Amendment of the Long Stop Date

In the event the above conditions precedent are not fulfilled or waived (as the case may be) by Big Wish Global on or before 30 August 2024 (the “**Revised Long Stop Date**”) (or any other date as Big Wish Global and the Revised Vendor may both agree in writing), the Sale and Purchase Agreement and the Supplemental Agreement shall be terminated and ceased to have any effect, and Big Wish Global or the Revised Vendor shall not make any claims against each other for matters arising out of or in connection with the Sale and Purchase Agreement and the Supplemental Agreement (except for claims arising from any breach of the Sale and Purchase Agreement and the Supplemental Agreement and the terms in relation to the termination of the Sale and Purchase Agreement and the Supplemental Agreement as disclosed below).

In the event the Revised Acquisition is not approved by the relevant government departments and regulatory authorities in Laos on or before the Revised Long Stop Date (or any other date as Big Wish Global and the Revised Vendor may both agree in writing), the Sale and Purchase Agreement and the Supplemental Agreement shall be terminated, the Revised Vendor shall refund the First Payment to Big Wish Global and pay interest accrued on the First Payment, which shall be calculated at a rate of 5% per annum from the date of the payment of the First Payment to the date of refund to Big Wish Global.

Save as disclosed above, all other principal terms and conditions of the Sale and Purchase Agreement shall remain unchanged and continue to be in full force and effect in all respects.

TERMINATION OF THE SUBSCRIPTION AGREEMENT

On 5 July 2024 (after trading hours), Big Wish Global, Big Wish Group Limited and the Target Company entered into an agreement to terminate the Subscription Agreement (the “**Termination Agreement**”). The Target Company and Big Wish Global agreed that each of them would not make any claims against each other for matters arising out of or in connection with the Subscription Agreement upon the termination of the Subscription Agreement (except for claims arising from any breach of the Subscription Agreement and the terms in relation to the termination of the Subscription Agreement as disclosed below).

Pursuant to the Termination Agreement, the Target Company agreed to refund the MOU Deposit to Big Wish Group Limited within seven (7) Business Days from the date of the Termination Agreement and make the following payments to Big Wish Group Limited:

- (i) interest accrued on the MOU Deposit, which shall be calculated at a rate of 5% per annum from the date of the payment of the MOU Deposit to the date of refund; and
- (ii) the expenses incurred by Big Wish Global in respect to the Subscription (including but not limited to fees paid to professional parties).

In the event the Target Company fails to refund the MOU Deposit to Big Wish Group Limited in full upon the termination of the Subscription Agreement, the Target Company agreed to procure the Project Company to transfer the 51% mining rights of the Copper Mine or any other assets owned and held by the Project Company (if any) to Big Wish Global.

REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE SUPPLEMENTAL AGREEMENT AND THE TERMINATION AGREEMENT

The Supplemental Agreement

As disclosed in the Acquisition Announcement, the Acquisition represents a valuable opportunity for the Group to engage in the copper mining and production business, which is expected to contribute to the Group's long-term growth and development apart from existing coal mining operations.

The Remaining Shareholders had notified the Company of their intentions to re-consider and amend certain terms of the Sale and Purchase Agreement. The Group considered that the acquisition of 52%, rather than 100%, of the total issued share capital of the Target Company would still allow the Group to gain control over the management and operations of the Target Group, which (i) would reduce the capital expenditure requirement for the Group to enter into the copper mining industry; and (ii) may allow the Group to have more time to obtain extensive experience and deeper insights into the Southeast Asia's mining industry gradually, before committing to a full acquisition on the Target Company. It also allows the Group to retain more cash for other potential mining related investment or business in the future. After further discussions among the Parties and in view of the above, Big Wish Global agreed to acquire and the Revised Vendor agreed to sell 52% of the issued share capital of the Target Company.

As such, the Board considered that the entering into of the Supplemental Agreement is reasonable, and the Supplemental Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

The Termination Agreement

As the Target Company will not become a wholly-owned subsidiary of the Company upon completion of the Revised Acquisition, therefore, one of the conditions precedent to the Subscription Agreement could not be fully satisfied (i.e., the completion of the acquisition of the entire equity interest of the Target Company), the Subscription Agreement should then be terminated. In accordance with the terms of the termination under the Subscription Agreement, the Target Company agreed to (i) refund the MOU Deposit; (ii) pay the interest accrued on MOU Deposit as compensation; and (iii) the expense incurred in respect to the Subscription to Big Wish Global.

Given that Big Wish Global will be able to fully recover the MOU Deposit from the Target Company and will receive interest accrued on the MOU Deposit as compensation upon the termination of the Subscription, the Board considered that the entering into of the Termination Agreement is acceptable, and the Termination Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

Conclusion

In light of the above, the Board considered that (i) the Supplemental Agreement and the Termination Agreement are determined on normal commercial terms and are fair and reasonable; and (ii) the entering into of the Supplemental Agreement and the Termination Agreement is in the interest of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Revised Acquisition in aggregate is more than 5% but less than 25%, the Revised Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

Shareholders and potential investors should note that completion of the Revised Acquisition is subject to the fulfilment or waiver of the payment conditions and conditions precedent (as the case maybe) and completion of the Revised Acquisition thereof may or may not proceed. Shareholders and potential investors are therefore reminded to exercise caution when dealing in the Shares of the Company.

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\$1.0734. 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.

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

Hong Kong, 5 July 2024

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Ng Ying Kit, Mr. Guo Jianpeng, Ms. Yang Mo and Mr. Jiang Xin; and three independent non-executive Directors, namely Mr. Lee Wai Ming, Mr. Chang Xuejun and Mr. Li Juhui.