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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)

VOLUNTARY ANNOUNCEMENT IN RELATION TO INTENDED JOINT VENTURE

This is a voluntary announcement made by Grand Ocean Advanced Resources Company Limited (the “**Company**”) for the purpose of keeping its shareholders and potential investors informed of the latest development of the Company.

THE STRATEGIC CO-OPERATION AGREEMENT

On 23 September 2019 (after trading hours), the Company, Ecostar (Qingdao) Holdings Corporation (伊克斯達(青島)控股有限公司) (“**Ecostar**”) and Hope Star (Hong Kong) International Limited (“**Hope Star**”) have entered into a non-binding strategic co-operation agreement (the “**Strategic Co-operation Agreement**”) in relation to the potential co-operation to develop environmental-friendly tyre recycling plants in the People’s Republic of China (“**PRC**”) (the “**Project**”). According to the Strategic Co-operation Agreement, the Company, Ecostar and Hope Star will establish a joint venture company (the “**JVC**”) in the PRC for the purpose of the Project.

It is currently anticipated that the registered capital of the JVC will be RMB100 million (equivalent to approximately HK\$110 million), of which: (i) RMB51 million (equivalent to approximately HK\$56 million) will be contributed by the Company in cash, representing an equity interest of 51%; (ii) RMB20 million (equivalent to approximately HK\$22 million) will be contributed by Ecostar by way of granting the right to the JVC to use the IPR (as defined below) representing an equity interest of 20%; and (iii) RMB29 million (equivalent to approximately HK\$32 million) will be contributed by Hope Star in cash, representing an equity interest of 29%.

INFORMATION OF ECOSTAR AND HOPE STAR

Ecostar is a PRC company in which an equity interest of 60% is held by a PRC state-owned enterprise controlled by Qingdao State Owned Asset Management Bureau for the purpose of holding certain intellectual property rights, including the patents of the technology that recycles rubber using environmental friendly process with minimal pollution and emission (the “**IPR**”).

Hope Star, a company incorporated in Hong Kong with limited liability, is principally engaged in investment holding.

REASONS FOR THE STRATEGIC CO-OPERATION AGREEMENT

The Company is principally engaged in the business of coal mining and has been actively seeking to expand its business scope and extending its resources into sectors offering higher growth momentum, such as technology-related and telecommunication sectors.

Ecostar possesses extensive knowledge in tyre recycling and has independently developed the technology to achieve the recycling of tyres with minimal pollution and emission. It aims to provide environmental-friendly solutions to global clients in relation to the recycling of tyres.

The Project will be a respond to the call for energy conservation, emission reduction and tackling the climate change from the PRC government, and will also allow the Company an opportunity to tap into the environmental-friendly recycling technology sector, so as to expand the Company’s business scope.

Details of the terms and conditions of the formation of the JVC shall be subject to further negotiations and the entering of formal agreement(s) between the relevant parties. The Company anticipates that a binding joint venture agreement will be entered into among the parties on or around December 2019.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, Ecostar, Hope Star and their ultimate beneficial owner(s) are third parties independent of and not connected with the Company and its connected persons (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Shareholders and potential investors of the shares of the Company should note that the transaction contemplated under the Strategic Co-operation Agreement may or may not materialise. Shareholders and potential investors should exercise caution when dealing in the securities of the Company. Further announcement(s) will be made by the Company in accordance with the Listing Rules to provide updates on the transaction contemplated under the Strategic co-operation Agreement as and when appropriate.

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

Hong Kong, 23 September 2019

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Ng Ying Kit and Mr. Ren Hang; and three independent non-executive Directors, namely Mr. Kwok Chi Shing, Mr. Huang Shao Ru and Mr. Chang Xuejun.