

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Grand Ocean Advanced Resources Company Limited (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

PROPOSED REFRESHMENT OF SCHEME MANDATE LIMIT AND NOTICE OF EXTRAORDINARY GENERAL MEETING

A notice convening the extraordinary general meeting (“EGM”) of the Company to be held at Suite 3103, Sino Plaza, 255-257 Gloucester Road, Hong Kong on Tuesday, 17 July 2018 at 11:00 a.m. is set out on pages 7 to 9 of this circular. A form of proxy for use at the EGM is enclosed with this circular. Such form of proxy is also published on the websites of The Stock Exchange of Hong Kong Limited at www.hkexnews.com.hk and the Company at www.grandocean65.com.

Whether or not you are able to attend the EGM, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company’s branch share registrar and transfer office in Hong Kong, Tricor Abacus Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the enclosed form of proxy will not preclude Shareholders from attending and voting in person at the EGM or any adjournment thereof if they so wish.

29 June 2018

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DEFINITIONS

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

“Board”	the board of Directors;
“Company”	Grand Ocean Advanced Resources Company Limited, a company incorporated in Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 65);
“Director(s)”	director(s) of the Company;
“EGM”	the extraordinary general meeting of the Company to be convened on Tuesday, 17 July 2018 to consider and, if thought fit, approve, among other things, the Refreshment of Scheme Mandate Limit;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Latest Practicable Date”	26 June 2018, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China which for the purpose of this circular, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“Refreshment of Scheme Mandate Limit”	the proposed refreshment of the Scheme Mandate Limit at the EGM;
“Scheme Mandate Limit”	the total number of Shares which may be allotted and issued upon exercise of all Share Options to be granted by the Board under the Share Option Scheme to subscribe up to 10% of the Shares in issue as at the date of adoption of the Share Option Scheme and thereafter, if refreshed, the total number of Shares which may be allotted and issued upon exercise of all Share Options to be granted shall not exceed 10% of the Shares in issue as at the date of approval by the Shareholders of the refreshed limit;

DEFINITIONS

“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of issued Share(s);
“Share Option(s)”	the options granted or to be granted under the Share Option Scheme or any other schemes of the Company to subscribe for the Shares;
“Share Option Scheme”	the share option scheme adopted by the Company on 20 August 2009;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong; and
“%”	per cent.

LETTER FROM THE BOARD

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)

Executive Directors:

Mr. Zhang Fusheng (*Chief Executive officer*)

Mr. Ng Ying Kit

Ms. Huo Lijie

Independent non-executive Directors:

Mr. Kwok Chi Shing

Mr. Huang Shao Ru

Mr. Chang Xuejun

Registered office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

***Principal place of business
in Hong Kong:***

Suite 3103

Sino Plaza

255-257 Gloucester Road

Hong Kong

29 June 2018

To the Shareholders

Dear Sir or Madam,

**PROPOSED REFRESHMENT OF SCHEME MANDATE LIMIT
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with (i) details of the proposed Refreshment of Scheme Mandate Limit; and (ii) the notice of the EGM at which a resolution will be proposed to consider and, if thought fit, to approve the Refreshment of Scheme Mandate Limit.

REFRESHMENT OF SCHEME MANDATE LIMIT

The Share Option Scheme was adopted by the Company on 20 August 2009 pursuant to an ordinary resolution passed at the extraordinary general meeting held on the same date. The Share Option Scheme will remain in force for a period of 10 years from the date of adoption. Apart from the Share Option Scheme, there was no other Share Option Scheme as at the Latest Practicable Date.

LETTER FROM THE BOARD

In accordance with the Listing Rules and the Share Option Scheme, the total number of Shares which may be issued upon the exercise of all Share Options to be granted under the Share Option Scheme and any other schemes of the Company must not in aggregate exceed 10% of the Shares in issue as at the date of approval of the Share Option Scheme. The Scheme Mandate Limit may be refreshed by the Shareholders in general meeting in accordance with the rules of the Share Option Scheme. At the annual general meeting of the Company held on 15 June 2015, the Scheme Mandate Limit was refreshed (the “**Previous Refreshment**”) pursuant to which the Company was authorised to grant Share Options to subscribe for up to a maximum number of 50,347,716 Shares, representing 10% of the number of Shares then in issue.

After the Previous Refreshment, on 28 July 2015, 11,250,000 Share Options were granted by the Company, of which 6,750,000 Share Options remained outstanding, 4,500,000 Share Options had lapsed and none of the Share Options were exercised or cancelled. On 31 July 2017, an aggregate of 1,000,000,000 placing shares, representing approximately 66.51% of the issued share capital of the Company immediately after completion of the placing, have been successfully placed. Immediately upon completion of the placing on 31 July 2017, the total number of issued Shares increased from 503,477,166 Shares to 1,503,477,166 Shares. Accordingly, unless the current Scheme Mandate Limit is refreshed, only up to 43,597,716 Shares may be issued pursuant to the grant of Share Options under the Share Option Scheme, representing only approximately 2.90% of the issued share capital of the Company as at the Latest Practicable Date.

Pursuant to the Listing Rules, the Shares which may be issued upon exercise of all outstanding Share Options granted and yet to be exercised under the Share Option Scheme or other schemes at any time will not exceed 30% of the Shares in issue from time to time. The Board undertakes that no Share Options shall be granted under the Share Option Scheme or any other scheme(s) of the Company if this will result in the 30% limit being exceeded. As at the Latest Practicable Date, there were 9,900,000 outstanding Share Options. Upon exercise of such 9,900,000 outstanding Share Options, 9,900,000 Shares, representing approximately 0.66% of the issued share capital of the Company, might be issued.

As at the Latest Practicable Date, the Company has 1,503,477,166 Shares currently in issue. Assuming no further Shares are issued and/or repurchased by the Company between the Latest Practicable Date and the date of the EGM, the maximum number of Shares which may be issued upon the exercise of all the Share Options to be granted under the refreshed Scheme Mandate Limit will be 150,347,716 Shares, representing 10% of the issued share capital of the Company as at the date of approval of the Refreshment of Scheme Mandate Limit by the Shareholders at the EGM. Assuming that the Refreshment of the Scheme Mandate Limit will be approved, the number of Shares that may be issued under the Share Option Scheme will be 160,247,716 Shares (comprising 150,347,716 Shares to be allotted and issued upon exercise of the Share Options to be granted under the refreshed Scheme Mandate Limit and 9,900,000 Shares to be allotted and issued upon full exercise of the outstanding Share Options), representing approximately 10.66% of the number of Shares in issue as at the Latest Practicable Date, and is within the 30% limit in issue from time to time as required under the Listing Rules.

Save as disclosed in this circular, there are no outstanding Share Options granted under the Share Option Scheme or any other scheme(s) of the Company which remain unexercised, as at the Latest Practicable Date.

LETTER FROM THE BOARD

The Refreshment of Scheme Mandate Limit is conditional upon:

- (a) the passing of an ordinary resolution to approve, among other things, the Refreshment of Scheme Mandate Limit by the Shareholders at the EGM; and
- (b) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares (representing a maximum of 10% of the Shares in issue as at the date of the EGM approving the Refreshment of Scheme Mandate Limit) which may fall to be issued pursuant to the exercise of Share Options granted under the refreshed Scheme Mandate Limit.

An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of Share Options to be granted under the refreshed Scheme Mandate Limit.

The Board considers that it is in the interests of the Company to refresh the Scheme Mandate Limit so as to provide the Company with the flexibility of granting further Share Options under the Share Option Scheme and to provide incentives to, and recognise the contributions of, the Group's employees and other selected grantees which the Board considers to be in the interests of the Company and the Shareholders as a whole. The Board therefore seeks the approval of the Shareholders at the EGM to refresh the Scheme Mandate Limit.

EGM

The notice convening the EGM to be held at Suite 3103, Sino Plaza, 255-257 Gloucester Road, Hong Kong on Tuesday, 17 July 2018 at 11:00 a.m. is set out on pages 7 to 9 of this circular.

A proxy form for use at the EGM is enclosed with this circular. Whether or not you intend to attend and vote at the EGM, you are requested to complete and return the enclosed form of proxy to the Company's Hong Kong branch share registrar and transfer office, Tricor Abacus Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish, and in such event, the instrument appointing the proxy shall be deemed to be revoked.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll except where the chairman of the meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The chairman of the EGM will therefore demand voting on the resolution set out in the notice convening the EGM be taken by way of poll.

LETTER FROM THE BOARD

To the best of the Directors' knowledge, information and belief, having made all reasonable enquires, no Shareholder has a material interest in the Refreshment of Scheme Mandate Limit. Accordingly, no Shareholder is required to abstain from voting on the ordinary resolution to be proposed at the EGM.

RECOMMENDATION

The Directors consider that the resolution proposed in relation to the Refreshment of Scheme Mandate Limit in this circular is in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that all Shareholders vote in favour of such resolution to be proposed at the EGM.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the 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 that the information contained in this circular 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 circular misleading.

By order of the Board
Grand Ocean Advanced Resources Company Limited
Zhang Fusheng
Chief Executive Officer and Executive Director

NOTICE OF EGM

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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of Grand Ocean Advanced Resources Company Limited (the “**Company**”) will be held at Suite 3103, Sino Plaza, 255-257 Gloucester Road, Hong Kong on Tuesday, 17 July 2018 at 11:00 a.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolution of the Company:

ORDINARY RESOLUTION

“**THAT** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting the listing of, and permission to deal in, the additional shares of HK\$0.01 each in the capital of the Company (the “**Shares**”) to be issued pursuant to the exercise of options which may be granted under the Refreshed Limit (as defined below) of the share option scheme adopted by the Company on 20 August 2009 (the “**Share Option Scheme**”), the refreshment of the general limit in respect of the grant of options to subscribe for Shares under the Share Option Scheme be and is hereby approved provided that:

- (a) the total number of Shares which may be allotted and issued upon the exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company under the limit as refreshed hereby shall not exceed 10% of the total number of Shares in issue as at the date of passing this resolution (the “**Refreshed Limit**”);
- (b) options previously granted under the Share Option Scheme and any other share option schemes of the Company (including those outstanding, cancelled, lapsed or exercised in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company) will not be counted for the purpose of calculating the Refreshed Limit;
- (c) the Directors be and are hereby unconditionally authorised to do all such acts and things and execute all such documents, including under seal where applicable, as they consider necessary or expedient to give effect to the foregoing arrangement; and

NOTICE OF EGM

- (d) such increase in the Refreshed Limit shall in no event result in the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes of the Company exceed 30% of the Shares in issue from time to time.”

By order of the Board
Grand Ocean Advanced Resources Company Limited
Zhang Fusheng
Chief Executive Officer and Executive Director

Hong Kong, 29 June 2018

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

***Principal place of business
in Hong Kong:***

Suite 3103
Sino Plaza
255-257 Gloucester Road
Hong Kong

As at the date of this notice, the Board comprises three executive Directors, namely Mr. Zhang Fusheng (Chief Executive Officer), Mr. Ng Ying Kit and Ms. Huo Lijie; and three independent non-executive Directors, namely Mr. Kwok Chi Shing, Mr. Huang Shao Ru and Mr. Chang Xuejun.

Notes:

1. A shareholder entitled to attend and vote at the EGM is entitled to appoint another person as his proxy to attend and, subject to the provisions of the articles of association of the Company, to vote on his/her behalf. A proxy need not be a shareholder of the Company but must be present in person at the EGM to represent the shareholder. A shareholder who is the holder of two or more Shares may appoint more than one proxy to represent him and vote on his behalf at the EGM. If more than one proxy is so appointed, the appointment shall specify the number of Shares in respect of which each such proxy is so appointed.
2. Where there are joint registered holders of any Shares, any one of such joint holders may vote at the EGM (or at any adjournment thereof), either in person or by proxy, in respect of such Shares as if he/she were solely entitled thereto; but if more than one of such joint holders are present at the above meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
3. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority, must be deposited at the offices of the Company's Hong Kong branch share registrar and transfer office, Tricor Abacus Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time for holding the EGM or any adjournment thereof. Completion and return of a form of proxy will not preclude a shareholder of the Company from attending in person and voting at the EGM or any adjournment thereof, should he/she so wish.

NOTICE OF EGM

4. In order to be eligible to attend and vote at the EGM, all transfers of Shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Abacus Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Thursday, 12 July 2018, being the record date for the purpose of determination of entitlement to attend and vote at the EGM.
5. A form of proxy in respect of the meeting is enclosed. Whether or not you intend to attend the meeting in person, all shareholders are urged to complete and return the form of proxy in accordance with the instructions printed thereon. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the meeting or any adjourned meeting if they so wish.
6. Pursuant to Rule 13.39(4) of the Listing Rules, the resolution sets out in this notice will be decided by poll at the above meeting.