

**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 stockbroker, or other 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)**

- (1) PROPOSED CANCELLATION OF SHARE PREMIUM ACCOUNT;  
(2) PROPOSED CAPITAL REDUCTION AND SUBDIVISION;  
(3) PROPOSED ADOPTION OF THE AMENDED AND RESTATED  
MEMORANDUM AND ARTICLES OF ASSOCIATION;  
AND  
(4) NOTICE OF EGM**

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A letter from the Board is set out on pages 3 to 12 of this circular. A notice convening the extraordinary general meeting (the “EGM”) of the Company to be held at Suite 3103, Sino Plaza, 255-257 Gloucester Road, Hong Kong on Wednesday, 14 December 2016 at 11:00 a.m. is set out on pages 31 to 33 of this circular. A form of proxy for use at the EGM is also 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](http://www.hkexnews.com.hk) and the Company at [www.grandocean65.com](http://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.

18 November 2016

# CONTENTS

	<i>Page</i>
<b>Expected timetable</b> .....	ii
<b>Definitions</b> .....	1
<b>Letter from the Board</b> .....	3
<b>Appendix – Summary of the amended and restated Memorandum and Articles of Association</b> .....	13
<b>Notice of EGM</b> .....	31

**EXPECTED TIMETABLE**

Set out below is the expected timetable for the implementation of the Cancellation of Share Premium Account, the Capital Reduction, the Subdivision and the relevant trading arrangements, which is subject to satisfaction of the conditions set out in the paragraphs headed “Conditions for the Cancellation of Share Premium Account” and “Conditions for the Capital Reduction and the Subdivision” in this circular:

**2016**

*(Hong Kong dates and time unless otherwise specified)*

Latest time for lodging the form of proxy for the EGM . . . . . 11:00 a.m. on Monday,  
12 December

EGM . . . . . 11:00 a.m. on Wednesday,  
14 December

Publication of an announcement of  
the poll results of the EGM . . . . . Wednesday, 14 December

Effective date of the Cancellation of  
Share Premium Account . . . . . Thursday, 15 December

*The following events are conditional on the poll results of the EGM and the approval from the Court and therefore the dates are indicative only and subject to change:*

**2017**

*(Hong Kong dates and time unless otherwise specified)*

Expected date of registration of a copy of the order from  
the Court confirming the Capital Reduction and  
the minutes approved by the Court pursuant  
to the Companies Law . . . . . Tuesday, 7 March  
(Cayman Islands date)

Expected effective date of the Capital Reduction  
and the Subdivision . . . . . Tuesday, 7 March  
(Cayman Islands date),  
which will take effect after 4:00 p.m.  
on 7 March and before 9:00 a.m.  
on 8 March in Hong Kong  
due to time difference

**EXPECTED TIMETABLE**

First day of the free exchange of the Existing Share Certificates  
for the New Share Certificates for the New Shares . . . . . Wednesday, 8 March

Commencement of the dealings in the New Shares . . . . . 9:00 a.m. on  
Wednesday, 8 March

Last day for the free exchange of the Existing Share Certificates  
for the New Share Certificates . . . . . 4:30 p.m. on  
Wednesday, 12 April

Dates or time specified in this circular for events in the timetable for (or otherwise in relation to) the Capital Reduction and the Subdivision are indicative only and may be extended or varied due to the timetable and availability of the Court, additional time required for compliance with the regulatory requirements in the Cayman Islands and/or with any requirements imposed by the Court or varied by the Company. Further announcement(s) will be made by the Company if there is any change made to the expected timetable.

## DEFINITIONS

*In this circular, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:*

“Articles of Association”	the articles of association of the Company;
“Board”	the board of Directors;
“Cancellation of Share Premium Account”	the proposed cancellation of the entire amount standing to the credit of the share premium account of the Company to set off against the accumulated losses of the Company as described in this circular under the heading “Proposed Cancellation of Share Premium Account” in the Letter from the Board;
“Capital Reduction”	the reduction of the par value of each issued share of the Company from HK\$0.50 to HK\$0.01 each by cancelling the paid up share capital to the extent of HK\$0.49 on each issued share so that each issued share shall be treated as one fully paid up share of par value of HK\$0.01 each in the share capital of the Company;
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC;
“Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961), of the Cayman Islands as consolidated and revised;
“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 and traded on the Main Board of the Stock Exchange (Stock Code: 65);
“Court”	the Grand Court of the Cayman Islands;
“Directors”	the directors of the Company;
“EGM”	the extraordinary general meeting of the Company to be convened and held on Wednesday, 14 December 2016 at 11:00 a.m. for the Shareholders to consider and, if thought fit, approve, among other things, the Cancellation of Share Premium Account, the Capital Reduction and the Subdivision, and the adoption of the amended and restated Memorandum and Articles of Association, the notice of which is set out at the end of this circular;

## DEFINITIONS

“Existing Share Certificate(s)”	the certificate(s) for the Share(s);
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“HKSCC”	Hong Kong Securities Clearing Company Limited;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Latest Practicable Date”	15 November 2016, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Memorandum and Articles of Association”	the memorandum and articles of association of the Company;
“New Share(s)”	the ordinary share(s) with par value of HK\$0.01 each in the share capital of the Company immediately following the Capital Reduction and the Subdivision becoming effective;
“New Share Certificate”	the certificate(s) for the New Share(s);
“Share(s)”	the ordinary share(s) with par value of HK\$0.50 each in the share capital of the Company prior to the Capital Reduction and the Subdivision becoming effective;
“Shareholder(s)”	holder(s) of issued Share(s) or New Shares (as applicable) from time to time;
“Share Option Scheme”	the share option scheme adopted by the Company on 20 August 2009;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“Subdivision”	the subdivision of each authorised but unissued share of the Company of par value HK\$0.50 each into 50 shares of HK\$0.01 par value each immediately following the Capital Reduction.

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. Xu Bin (*Chairman*)  
Mr. Zhang Fusheng (*Chief Executive Officer*)  
Mr. Ng Ying Kit  
Ms. Huo Lijie

*Registered office:*

Cricket Square  
Hutchins Drive  
Grand Cayman KY1-1111  
Cayman Islands

*Independent non-executive Directors:*

Mr. Kwok Chi Shing  
Mr. Huang Shao Ru  
Mr. Chang Xuejun

*Principal place of*

*business in Hong Kong:*  
Suite 3103  
Sino Plaza  
255-257 Gloucester Road  
Hong Kong

18 November 2016

*To the Shareholders*

Dear Sir or Madam,

**(1) PROPOSED CANCELLATION OF SHARE PREMIUM ACCOUNT;  
(2) PROPOSED CAPITAL REDUCTION AND SUBDIVISION;  
(3) PROPOSED ADOPTION OF THE AMENDED AND RESTATED  
MEMORANDUM AND ARTICLES OF ASSOCIATION;  
AND  
(4) NOTICE OF EGM**

**INTRODUCTION**

Reference is made to the announcement of the Company dated 3 November 2016 in relation to, among others, the proposed Cancellation of Share Premium Account, the proposed Capital Reduction and the Subdivision, and the proposed adoption of the amended and restated Memorandum and Articles of Association.

## LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, (i) details of the proposed Cancellation of Share Premium Account, the proposed Capital Reduction and the Subdivision, and the proposed adoption of the amended and restated Memorandum and Articles of Association; and (ii) a notice of the EGM.

### **PROPOSED CANCELLATION OF SHARE PREMIUM ACCOUNT**

The Board proposes to cancel the entire amount standing to the credit of the share premium account of the Company to set off against the accumulated losses of the Company.

#### **Effect of the Cancellation of Share Premium Account**

As at the Latest Practicable Date, the share premium account of the Company amounted to HK\$293,461,507.63. The audited accumulated losses of the Company were approximately HK\$291,882,864.44 as at 31 December 2015 as shown in the annual report of the Company for the financial year ended 31 December 2015. The unaudited accumulated losses of the Company were approximately HK\$364,034,858.11 as at 30 September 2016. Upon the Cancellation of Share Premium Account becoming effective, the accumulated losses of the Company will be reduced by an amount equal to the entire amount standing to the credit of the share premium account of the Company.

#### **Conditions for the Cancellation of Share Premium Account**

Pursuant to article 6 of the Articles of Association, the Company may from time to time by special resolution, subject to any confirmation or consent required by the Companies Law, reduce its share premium account in any manner permitted by the Companies Law. According to article 146(1) of the Articles of Association, the Company may apply the share premium account in such manner as permitted by the Companies Law. As advised by the legal advisers to the Company as to the Cayman Islands law, a reduction of the balance of the share premium account does not require approval under the Companies Law. However, under the Articles of Association, the implementation of the Cancellation of Share Premium Account is subject to approval by the Shareholders at the EGM by way of special resolution. As none of the Shareholders is interested in the Cancellation of Share Premium Account, no Shareholder is required to abstain from voting on the Cancellation of Share Premium Account.

#### **Effective date of the Cancellation of Share Premium Account**

Assuming the above conditions are fulfilled, it is expected that the Cancellation of Share Premium Account will become effective on 15 December 2016, which is the next business day immediately following the date of passing the relevant special resolution approving the Cancellation of Share Premium Account at the EGM.

### **PROPOSED CAPITAL REDUCTION AND SUBDIVISION**

As at the Latest Practicable Date, the authorised share capital of the Company is HK\$1,000,000,000.00 divided into 2,000,000,000 authorised Shares of a par value of HK\$0.50 each, of which 503,477,166 Shares have been issued and are fully paid or credited as fully paid.

## LETTER FROM THE BOARD

The Board proposes that:

- (a) the share capital of the Company be restructured in the following manner: (i) the par value of each issued share of the Company be reduced from HK\$0.50 to HK\$0.01 each by cancelling the paid up share capital to the extent of HK\$0.49 on each issued share so that each issued share shall be treated as one fully paid up share of par value of HK\$0.01 each in the share capital of the Company; and (ii) immediately following the Capital Reduction, each authorised but unissued share of the Company of par value HK\$0.50 each be subdivided into 50 shares of HK\$0.01 par value each; and
- (b) the credit arising from the Capital Reduction be applied towards offsetting the accumulated losses of the Company as at the effective date of the Capital Reduction, thereby reducing the accumulated losses of the Company subject to such conditions as the Court may impose, and the balance (if any) be transferred to a distributable reserve account of the Company which may be applied for such purposes as permitted under the Memorandum and Articles of Association and all applicable laws and rules including the Listing Rules and as the Board considers appropriate.

### Effect of the Capital Reduction and the Subdivision

Assuming that no further Share will be allotted and issued or repurchased prior to the effective date of the Capital Reduction and the Subdivision, the share capital structure of the Company will be as follows:

	As at the Latest Practicable Date	Immediately upon the Capital Reduction and the Subdivision becoming effective
Nominal or par value	HK\$0.50 per Share	HK\$0.01 per New Share
Amount of the authorised share capital	HK\$1,000,000,000.00	HK\$1,000,000,000.00
Number of authorised shares	2,000,000,000 authorised Shares	100,000,000,000 authorised New Shares
Number of issued shares	503,477,166 Shares	503,477,166 New Shares
Amount of the issued share capital	HK\$251,738,583.30	HK\$5,034,771.66
Number of unissued authorised Shares	1,496,522,834 authorised Shares	99,496,522,834 authorised New Shares
Amount of unissued authorised share capital	HK\$748,261,417	HK\$994,965,228.34

## LETTER FROM THE BOARD

As at the Latest Practicable Date, 503,477,166 Shares had been issued and were fully paid or credited as fully paid. Accordingly, assuming that the nominal or par value of each of the Shares will be reduced from HK\$0.50 to HK\$0.01, upon the Capital Reduction and the Subdivision becoming effective, the authorised share capital of the Company will be HK\$1,000,000,000.00 divided into 100,000,000,000 authorised New Shares of a par value of HK\$0.01 each, of which 503,477,166 New Shares will be in issue and fully paid or credited and the remainder unissued. The Company's issued and paid up share capital of HK\$251,738,583.30 will be reduced by HK\$246,703,811.64 to HK\$5,034,771.66.

Based on the audited financial statements of the Company for the year ended 31 December 2015, the audited accumulated losses of the Company were approximately HK\$291,882,864.44. The unaudited accumulated losses of the Company were approximately HK\$364,034,858.11 as at 30 September 2016. Assuming the Cancellation of Share Premium Account is effected and there is no change of the unaudited accumulated losses of the Company after 30 September 2016, the unaudited accumulated losses of the Company will become approximately HK\$70,573,350.48.

The Capital Reduction, if effected, will be utilised to offset the remaining amount of the unaudited accumulated losses as at the effective date of the Capital Reduction of approximately HK\$70,573,350.48 (after taking the effect of the Cancellation of Share Premium Account and assuming there is no change of the unaudited accumulated losses of the Company after 30 September 2016) and the remaining balance of such credit arising from the Capital Reduction of approximately HK\$176,130,461.16 (assuming there is no change of the unaudited accumulated losses of the Company after 30 September 2016) will be retained at the capital reduction reserve account of the Company.

## LETTER FROM THE BOARD

Set out below, for illustrative purpose only, is a simplified statement showing the proposed movement of the equity of the Company before and after the Cancellation of Share Premium Account and the Capital Reduction taking effect, based on the Company's position as at 30 September 2016.

	As at 30 September 2016 <i>HK\$'000</i>	Effect of the Cancellation of Share Premium Account <i>HK\$'000</i>	Immediately after the Cancellation of Share Premium Account before the Capital Reduction <i>HK\$'000</i>	Effect of the Capital Reduction <i>HK\$'000</i>	Immediately after the Cancellation of Share Premium Account and the Capital Reduction <i>HK\$'000</i>
Share capital	251,739	–	251,739	(246,704)	5,035
Share premium	293,461	(293,461)	–	–	–
Capital reserve	3,917	–	3,917	–	3,917
Capital reduction reserve	–	–	–	176,130	176,130
Share-based payment reserve	4,305	–	4,305	–	4,305
Accumulated losses	(364,035)	293,461	(70,574)	70,574	–
<b>Total</b>	<b>189,387</b>	<b>–</b>	<b>189,387</b>	<b>–</b>	<b>189,387</b>

*Notes:*

1. This tables does not take into account expenses that will be incurred by the Company in relation to the Cancellation of Share Premium Account and the Capital Reduction.
2. Assuming that no further Share will be allotted and issued or repurchased prior to the effective date of the Cancellation of Share Premium Account and the Capital Reduction.

Pursuant to the terms of the Share Option Scheme, the implementation of the Capital Reduction and the Subdivision will not result in any adjustment to the (i) number of the Shares subject to an option under the Share Option Scheme; (ii) subscription price; or (iii) maximum number of Shares available for subscription in relation to the outstanding options granted under the Share Option Scheme.

### Conditions for the Capital Reduction and the Subdivision

The Capital Reduction and the Subdivision are conditional upon:

- (i) the passing by the Shareholders at the EGM of a special resolution approving the Capital Reduction and the Subdivision;
- (ii) the approval of the Capital Reduction by the Court;

## LETTER FROM THE BOARD

- (iii) the compliance with any conditions which the Court may impose in relation to the Capital Reduction;
- (iv) the registration by the Registrar of Companies of the Cayman Islands of the order of the Court confirming the Capital Reduction and the minutes approved by the Court containing the particulars required under the Companies Law with respect to the Capital Reduction; and
- (v) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the New Shares arising from the Capital Reduction and the Subdivision.

The Capital Reduction and the Subdivision will take effect, and trading in the New Shares will commence, upon all the above-mentioned conditions having been satisfied. Upon approval by the Shareholders of the Capital Reduction and the Subdivision at the EGM, the legal advisers to the Company (as to the Cayman Islands law) will apply to the Court for hearing date(s) to confirm the Capital Reduction and further announcement(s) will be made by the Company on the progress of the Capital Reduction as and when appropriate.

### **Listing and Dealings**

An application will be made to the Listing Committee of the Stock Exchange for the granting of the listing of, and the permission to deal in, the New Shares arising from the Capital Reduction and the Subdivision. No application is required to be sought from any other stock exchange for the listing of, and permission to deal in, the New Shares.

The New Shares shall rank *pari passu* in all respects with each other within the same class and have the same rights and be subject to the restrictions in respect of ordinary shares contained in the Articles of Association. The Capital Reduction and the Subdivision will not result in any change in the rights of the Shareholders.

Subject to the granting of the listing of, and permission to deal in, the New Shares on the Stock Exchange, the New Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the New Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

The board lot size for trading of the New Shares will remain unchanged at 4,000 shares upon the Capital Reduction and the Subdivision becoming effective.

## LETTER FROM THE BOARD

### **Free exchange of share certificates for New Shares**

Should the Capital Reduction and the Subdivision become effective, Shareholders may, during business hours from Wednesday, 8 March 2017 to Wednesday, 12 April 2017 (both days inclusive), submit the Existing Share Certificates to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Abacus Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for exchange, at the expense of the Company, for New Share Certificates. Details of such free exchange of share certificates will be announced as soon as the effective date of the Capital Reduction is ascertained.

Following the expiry of the period for free exchange of share certificates, Existing Share Certificates will be accepted for exchange only on payment of a fee of HK\$2.50 (or such amount as may from time to time prescribed in the Listing Rules) payable by the Shareholders for each Existing Share Certificates or New Share Certificate, whichever number of certificates cancelled/issued is higher.

All the Existing Share Certificates will continue to be evidence of title to such Shares and be valid for delivery, trading and settlement purpose.

### **Reasons for the Cancellation of Share Premium Account, the Capital Reduction and the Subdivision**

The proposed Capital Reduction and the Subdivision will enable the nominal value of the Shares to be reduced from HK\$0.50 each to HK\$0.01 each. The credit arising from the Cancellation of Share Premium Account and the Capital Reduction will be applied towards offsetting the accumulated losses of the Company as at the effective date of the Cancellation of Share Premium Account and the Capital Reduction respectively, thereby eliminate the accumulated losses of the Company. The balance of credit (if any) arising from the Capital Reduction will be transferred to the distributable reserve account of the Company which may be used for such purposes as permitted under the Memorandum and Articles of Association and all applicable laws and rules including the Listing Rules and as the Board considers appropriate. Also, the Board considers that the Capital Reduction and the Subdivision will give greater flexibility to the Company to raise funds through equity fundraising in the future given that the Company is not permitted pursuant to the Articles of Association and the Companies Law to issue new Shares (without order of the Court) below their nominal value.

As at the Latest Practicable Date, the Company did not have a plan to conduct any fundraising exercise.

As such, the Directors are of the view that the Cancellation of Share Premium Account, the Capital Reduction and the Subdivision are in the best interests of the Company and its Shareholders as a whole.

## LETTER FROM THE BOARD

Save for applying the credit arising from the Cancellation of Share Premium Account and the Capital Reduction towards offsetting the accumulated losses of the Company and the expenses to be incurred in relation to the Cancellation of Share Premium Account, the Capital Reduction and the Subdivision, the Directors consider that the Cancellation of Share Premium Account, the Capital Reduction and the Subdivision will have no effect on the underlying assets, business operations, management or financial position of the Company or the proportional interests of the Shareholders in the Company. Further, the Cancellation of Share Premium Account, the Capital Reduction and the Subdivision do not involve either the diminution of any liability in respect of any unpaid capital of the Company or the repayment to the Shareholders of any paid-up capital of the Company.

### **PROPOSED ADOPTION OF THE AMENDED AND RESTATED MEMORANDUM AND ARTICLES OF ASSOCIATION**

The existing Memorandum and Articles of Association was first adopted in 16 August 2001 with the latest amendments made in 2006. In order to modernise and update as well as to bring the existing Memorandum and Articles of Association in line with the amendments to the Listing Rules, new Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules, the Board proposes to seek approval from the Shareholders by way of the special resolution to adopt the amended and restated Memorandum and Articles of Association in place of the existing Memorandum and Articles of Association at the EGM.

The adoption of the amended and restated Memorandum and Articles of Association is subject to the passing of the special resolution by the Shareholders at the EGM.

A summary of the major provision in the amended and restated Memorandum and Articles of Association is set out in the Appendix to this circular.

The Company's legal advisers as to Hong Kong laws and the Cayman Islands laws have respectively confirmed that the proposed adoption of the amended and restated Memorandum and Articles of Association is in compliance with the requirements of the Listing Rules and the Companies Law. The Company also confirms that there is nothing unusual about the proposed adoption of the amended and restated Memorandum and Articles of Association for a company listed in Hong Kong.

Copies of the amended and restated Memorandum and Articles of Association proposed to be adopted by the Company will be available for inspection at the principal place of business of the Company at Suite 3103, Sino Plaza, 255-257 Gloucester Road, Hong Kong during business hours (Saturdays and Hong Kong public holidays excluded) from 10:00 a.m. to 1:00 p.m. and from 2:00 p.m. to 5:00 p.m. from the date of this circular and up to and including the date of the EGM.

## LETTER FROM THE BOARD

### EGM

The notice convening the EGM is set out on pages 31 to 33 of this circular. The EGM will be convened and held at Suite 3103, Sino Plaza, 255-257 Gloucester Road, Hong Kong on Wednesday, 14 December 2016 at 11:00 a.m. (or any adjournment thereof) for the Shareholders to consider and, if thought fit, to approve, among other things, the Cancellation of Share Premium Account, the Capital Reduction and the Subdivision, and the adoption of the amended and restated Memorandum and Articles of Association.

In compliance with the Listing Rules, all resolutions will be voted on by way of a poll at the EGM. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholders are required to abstain from voting on the resolutions to be proposed at the EGM.

A form of proxy for use by the Shareholders at the EGM is enclosed with this circular. Whether or not you intend to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same 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 scheduled for the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending or voting in person at the EGM or any adjourned meeting thereof should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

### 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 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.

### RECOMMENDATION

The Board considers that the Cancellation of Share Premium Account, the Capital Reduction and the Subdivision, and the adoption of the amended and restated Memorandum and Articles of Association are in the interests of the Company and the Shareholders as a whole and therefore recommends that the Shareholders to vote in favour of all resolutions to be proposed at the EGM.

**LETTER FROM THE BOARD**

**ADDITIONAL INFORMATION**

Your attention is drawn to the additional information set out in the Appendix to this circular.

By Order of the Board  
**Grand Ocean Advanced Resources Company Limited**  
**Xu Bin**  
*Chairman and Executive Director*

**SUMMARY OF THE AMENDED AND RESTATED MEMORANDUM AND ARTICLES OF ASSOCIATION**

Set out below is a summary of major provisions of the amended and restated Memorandum of Association (the “**Memorandum**”) and the amended and restated Articles of Association (the “**Articles**”) proposed to be adopted by the Company.

**1. MEMORANDUM OF ASSOCIATION**

- (a) The Memorandum states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.
- (b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

**2. ARTICLES OF ASSOCIATION****(a) Shares***(i) Classes of shares*

The share capital of the Company consists of ordinary shares.

*(ii) Variation of rights of existing shares or classes of shares*

Subject to the Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(iii) *Alteration of capital*

The Company may by ordinary resolution of its members:

- (i) increase its share capital by the creation of new shares;
- (ii) consolidate all or any of its capital into shares of larger amount than its existing shares;
- (iii) divide its shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;
- (iv) sub divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum; or
- (v) cancel any shares which, at the date of passing of the resolution, have not been taken and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(iv) *Transfer of shares*

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time.

The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of that share.

The board may, in its absolute discretion, at any time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

The board may decline to recognise any instrument of transfer unless a fee (not exceeding the maximum sum as the Stock Exchange may determine to be payable) determined by the Directors is paid to the Company, the instrument of transfer is properly stamped (if applicable), it is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in any newspaper or by any other means in accordance with the requirements of the Stock Exchange, at such times and for such periods as the board may determine. The register of members must not be closed for periods exceeding in the whole thirty (30) days in any year.

Subject to the above, fully paid shares are free from any restriction on transfer and free of all liens in favour of the Company.

*(v) Power of the Company to purchase its own shares*

The Company is empowered by the Companies Law and the Articles to purchase its own shares subject to certain restrictions and the board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by Stock Exchange.

Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender must be limited to a maximum price determined by the Company in general meeting. If purchases are by tender, tenders must be made available to all members alike.

*(vi) Power of any subsidiary of the Company to own shares in the Company*

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

*(vii) Calls on shares and forfeiture of shares*

The board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept

from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

**(b) Directors**

*(i) Appointment, retirement and removal*

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification. Further, there are no provisions in the Articles relating to retirement of Directors upon reaching any age limit.

The Directors have the power to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and members of the Company may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated if:

- (aa) he resigns by notice in writing delivered to the Company;
- (bb) he becomes of unsound mind or dies;
- (cc) without special leave, he is absent from meetings of the board for six (6) consecutive months, and the board resolves that his office is vacated;
- (dd) he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;
- (ee) he is prohibited from being a director by law; or
- (ff) he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any

such committees either wholly or in part, and either as to persons or purposes, but every committee so formed must, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

*(ii) Power to allot and issue shares and warrants*

Subject to the provisions of the Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued (a) with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the board may determine), or (b) on terms that, at the option of the Company or the holder thereof, it is liable to be redeemed.

The board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of Stock Exchange and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company are at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the board is obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

*(iii) Power to dispose of the assets of the Company or any of its subsidiaries*

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting.

(iv) *Borrowing powers*

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(v) *Remuneration*

The ordinary remuneration of the Directors is to be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors are also entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

*(vi) Compensation or payments for loss of office*

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

*(vii) Loans and provision of security for loans to Directors*

The Company must not make any loan, directly or indirectly, to a Director or his close associate(s) if and to the extent it would be prohibited by the Companies Ordinance (Chapter 622 of the laws of Hong Kong) as if the Company were a company incorporated in Hong Kong.

*(viii) Disclosure of interests in contracts with the Company or any of its subsidiaries*

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and upon such terms as the board may determine, and may be paid such extra remuneration therefor in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. The board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

No Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company must declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his close associates is materially interested, but this prohibition does not apply to any of the following matters, namely:

- (aa) any contract or arrangement for giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associates or obligations incurred or undertaken by him or any of his close associates at the request of or for the benefit of the Company or any of its subsidiaries;
- (bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (dd) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; or

(ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his close associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

**(c) Proceedings of the Board**

The board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

**(d) Alterations to constitutional documents and the Company's name**

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

**(e) Meetings of members**

*(i) Special and ordinary resolutions*

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

Under the Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given held in accordance with the Articles.

(ii) *Voting rights and right to demand a poll*

Subject to any special rights or restrictions as to voting for the time being attached to any shares, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorised representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the rules of the Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(iii) *Annual general meetings*

The Company must hold an annual general meeting of the Company every year within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of not more than eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of the Stock Exchange.

(iv) *Notices of meetings and business to be conducted*

An annual general meeting must be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days. All other general meetings must be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice is exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time and place of the meeting and, in the case of special business, the general nature of that business.

In addition, notice of every general meeting must be given to all members of the Company other than to such members as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to the auditors for the time being of the Company.

Any notice to be given to or by any person pursuant to the Articles may be served on or delivered to any member of the Company personally, by post to such member's registered address or by advertisement in newspapers published daily and circulating generally in Hong Kong and in accordance with the requirements of the Stock Exchange. Subject to compliance with Cayman Islands law and the rules of the Stock Exchange, notice may also be served or delivered by the Company to any member by electronic means.

All business that is transacted at an extraordinary general meeting and at an annual general meeting is deemed special, save that in the case of an annual general meeting, each of the following business is deemed an ordinary business:

- (aa) the declaration and sanctioning of dividends;
- (bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;
- (cc) the election of directors in place of those retiring;
- (dd) the appointment of auditors and other officers;

- (ee) the fixing of the remuneration of the directors and of the auditors;
- (ff) the granting of any mandate or authority to the directors to offer, allot, grant options over or otherwise dispose of the unissued shares of the Company representing not more than twenty per cent (20%) in nominal value of its existing issued share capital; and
- (gg) the granting of any mandate or authority to the directors to repurchase securities of the Company.

(v) *Quorum for meetings and separate class meetings*

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

The quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(vi) *Proxies*

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and is entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy is entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

**(f) Accounts and audit**

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records must be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting. However, an exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles; however, subject to compliance with all applicable laws, including the rules of the Stock Exchange, the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

At the annual general meeting or at a subsequent extraordinary general meeting in each year, the members shall appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the next annual general meeting. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards which may be those of a country or jurisdiction other than the Cayman Islands. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor must be submitted to the members in general meeting.

**(g) Dividends and other methods of distribution**

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit.

The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or

warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

**(h) Inspection of corporate records**

Pursuant to the Articles, the register and branch register of members shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person upon a maximum payment of HK\$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK\$1.00 or such lesser sum specified by the board, at the office where the branch register of members is kept, unless the register is closed in accordance with the Articles.

**(i) Rights of minorities in relation to fraud or oppression**

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman Islands law, as summarised below.

The Cayman Islands court (the “**Court**”) ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

**(j) Procedures on liquidation**

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

- (i) if the Company is wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively; and
- (ii) if the Company is wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company is wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

**(k) Subscription rights reserve**

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

## 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 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 Wednesday, 14 December 2016 at 11:00 a.m. for the purpose of considering and, if thought fit, passing, with or without modification, the following resolutions to be proposed as special resolutions of the Company:

### SPECIAL RESOLUTIONS

1. “**THAT**
  - (a) with effect from the next business day immediately following the date of passing this resolution, the entire amount standing to the credit of the share premium account of the Company as at the date of passing this resolution be and is hereby cancelled to set off against the accumulated losses of the Company (the “**Cancellation of Share Premium Account**”); and
  - (b) the Directors be and are hereby authorised to do all such acts and things and execute all such documents on behalf of the Company, including under seal where applicable, as they may consider necessary or expedient to give effect to or in connection with the Cancellation of Share Premium Account.”
2. “**THAT** subject to and conditional upon (i) the approval of the Capital Reduction (as defined below) by the Grand Court of the Cayman Islands (the “**Court**”); (ii) the compliance with any conditions which the Court may impose in relation to the Capital Reduction (as defined below); (iii) the registration by the Registrar of Companies of the Cayman Islands of the order of the Court confirming the Capital Reduction (as defined below) and the minutes approved by the Court containing the particulars required under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands with respect to the Capital Reduction (as defined below); and (iv) the Listing Committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting the listing of, and permission to deal in, the New Shares (as defined below) arising from the Capital Reduction (as defined below) and the Subdivision (as defined below) having been fulfilled, with effect from the date on which these conditions are fulfilled:
  - (a) the par value of each issued share of the Company be reduced from HK\$0.50 to HK\$0.01 each by cancelling the paid up share capital to the extent of HK\$0.49 on each issued share so that each issued share shall be treated as one fully paid up share of par value of HK\$0.01 each in the share capital of the Company (the “**Capital Reduction**”);

## NOTICE OF EGM

- (b) immediately following the Capital Reduction becoming effective, each authorised but unissued share of the Company of par value of HK\$0.50 each be subdivided (the “**Subdivision**”) into 50 shares of HK\$0.01 par value each (the “**New Share(s)**”) so that immediately following the Capital Reduction and the Subdivision, the authorised share capital of the Company shall be HK\$1,000,000,000.00 divided into 100,000,000,000 New Shares of a par value of HK\$0.01 each;
- (c) the credit arising from the Capital Reduction be applied towards offsetting the accumulated losses of the Company as at the effective date of the Capital Reduction, thereby reducing the accumulated losses of the Company, and the balance (if any) be transferred to a distributable reserve account of the Company which may be applied for such purposes as permitted under the memorandum and articles of association of the Company (the “**Memorandum and Articles of Association**”) and all applicable laws and rules including the Rules (the “**Listing Rules**”) Governing the Listing of Securities on the Stock Exchange;
- (d) all of the New Shares resulting from the Capital Reduction and the Subdivision shall rank pari passu in all respects with each other and have the rights and privileges and be subject to the restrictions contained in the Memorandum and Articles of Association in effect from time to time;
- (e) upon the Capital Reduction and the Subdivision taking effect:-
  - (i) paragraph 8 of the memorandum of association of the Company shall be replaced in its entirety and be substituted by the following new paragraph 8:-

“The share capital of the Company is HK\$1,000,000,000 divided into 100,000,000,000 shares of a nominal or par value of HK\$0.01 each, with the power for the Company, insofar as is permitted by law, to redeem or purchase any of its shares and to increase or reduce the said share capital subject to the provisions of the Companies Law (Revised) and the articles of association of the Company and to issue any part of its capital, whether original, redeemed or increased, with or without any preference, priority or special privilege or subject to any postponement of rights or to any conditions or restrictions; and so that, unless the conditions of issue shall otherwise expressly declare, every issue of shares, whether declared to be preference or otherwise, shall be subject to the power hereinbefore contained.”; and
  - (ii) any reference to the par value of shares of the Company in the articles of association of the Company in any amount other than the amount of “HK\$0.01” shall be deleted and replaced with the amount of “HK\$0.01”; and
- (f) the Directors be and are hereby authorised to do all such acts and things and execute all such documents on behalf of the Company, including under seal where applicable, as they may consider necessary or expedient to give effect to the Capital Reduction and the Subdivision.”

## NOTICE OF EGM

3. “**THAT** the amended and restated Memorandum and Articles of Association in the form of the document marked “A” and produced to the EGM for the purpose of identification and signed by the chairman of the EGM be approved and adopted in substitution for and to the exclusion of the existing Memorandum and Articles of Association with effect from the closure of the EGM and any director or the company secretary of the Company be and are hereby authorised to do all such acts and things and execute all such documents and make all such arrangements as they shall, in their absolute discretion, deem necessary or expedient to give effect to the foregoing.”

By Order of the Board  
**Grand Ocean Advanced Resources Company Limited**  
**Xu Bin**  
*Chairman and Executive Director*

Hong Kong, 18 November 2016

*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 four executive Directors, namely Mr. Xu Bin (Chairman), 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. Any shareholder of the Company entitled to attend and vote at the EGM shall be entitled to appoint one or, if he is the holder of two or more shares, more than one person as his proxy to attend and vote instead of him. A proxy need not be a shareholder of the Company.
2. Where there are joint registered holders of any share of the Company, any one of such persons may vote at the EGM either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at the EGM personally or by proxy, that one of the said persons whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
3. Completion and return of the form of proxy will not preclude a shareholder of the Company from attending and voting at the above meeting or any adjournment thereof if he so wishes. In that event, his form of proxy will be deemed to have been revoked.
4. In order to be valid, the form of proxy duly completed and signed in accordance with the instructions printed thereon together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof must be delivered to the Hong Kong branch share registrar and transfer office of the Company, Tricor Abacus Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof.