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GUOCANG GROUP LIMITED

國藏集團有限公司

(proposed to be renamed as DeTai New Energy Group Limited

德泰新能源集團有限公司)

(Incorporated in Bermuda with limited liability)

(Stock Code: 559)

STRATEGIC COOPERATION FRAMEWORK AGREEMENT IN RELATION TO THE POSSIBLE ACQUISITION OF CNG STATION BUSINESS

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and inside information provisions under Part XIVA of the SFO.

The Board announces that on 3 November 2015 (after trading hours), the Company entered into a non-legally binding Framework Agreement with Hubei Qinlong in relation to the Possible Acquisition.

Pursuant to the Framework Agreement, Hubei Qinlong and the Company shall negotiate in good faith towards one another in ensuring that the Formal Agreement be entered into as soon as possible and in any event no later than 31 December 2015 or such later date as Hubei Qinlong and the Company may agree.

Pursuant to the Framework Agreement, Hubei Qinlong shall communicate and coordinate with Petrochina Kunlun on allocation of the shareholding of the Target Company among the Company, Hubei Qinlong and Petrochina Kunlun. The Company intends to acquire not less than 51% registered capital of the Target Company. The consideration for the Possible Acquisition is subject to further negotiations between Hubei Qinlong and the Company upon the signing of the Formal Agreement and has yet to be determined.

It is intended under the Framework Agreement that Hubei Qinlong and Petrochina Kunlun shall be responsible for the construction of three new CNG stations in Xiaogan City, Hubei Province, the PRC and the daily operations of all existing CNG stations and CNG stations coming into operation in Xiaogan City, Hubei Province, the PRC, and proactively establish the local business relationship. The Target Company currently operates 2 CNG stations in Xiaogan City, Hubei Province, the PRC.

The Board wishes to emphasise that no binding agreement in relation to the Possible Acquisition has been entered into by Hubei Qinlong and the Company as at the date of this announcement. As such, the Possible Acquisition may or may not proceed. Shareholders and investors are urged to exercise caution when dealing in the securities of the Company.

Further announcement in respect of the Possible Acquisition will be made by the Company in compliance with the Listing Rules as and when appropriate.

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THE FRAMEWORK AGREEMENT

Date: 3 November 2015 (after trading hours)

Parties: (1) the Company; and
(2) Hubei Qinlong.

Subject matter

Pursuant to the Framework Agreement, Hubei Qinlong shall communicate and coordinate with Petrochina Kunlun on allocation of the shareholding of the Target Company among the Company, Hubei Qinlong and Petrochina Kunlun. The Company intends to acquire not less than 51% registered capital of the Target Company. The consideration for the Possible Acquisition is subject to further negotiations and will be determined upon the signing of the Formal Agreement.

It is intended under the Framework Agreement that Hubei Qinlong and Petrochina Kunlun shall be responsible for the construction of three new CNG stations in Xiaogan City, Hubei Province, the PRC and the daily operations of all existing CNG stations and CNG stations coming into operation in Xiaogan City, Hubei Province, the PRC, and proactively establish the local business relationship. The Target Company currently operates 2 CNG stations in Xiaogan City, Hubei Province, the PRC.

It is also intended under the Framework Agreement that Hubei Qinlong and Petrochina Kunlun will undertake to obtain all relevant permits, approvals and licences from the relevant government authorities in relation to the construction and operation of CNG stations.

Formal Agreement

Pursuant to the Framework Agreement, Hubei Qinlong and the Company shall negotiate in good faith towards one another in ensuring that the Formal Agreement be entered into as soon as possible and in any event no later than 31 December 2015 or such later date as the Company and Hubei Qinlong may agree.

The Formal Agreement shall contain, including but not limited to representations, warranties, undertaking and indemnifications which are generally given by vendor(s) under the transactions similar to the Possible Acquisition under the Framework Agreement.

If no Formal Agreement is entered into on or before 31 December 2015 (or such later date as the Company and Hubei Qinlong may agree), the Framework Agreement shall lapse.

Exclusivity

Pursuant to the Framework Agreement, on or before 31 December 2015, Hubei Qinlong will not, and will procure that the Target Company and their respective directors, officers, employees, representatives and agents will not, directly or indirectly, (i) solicit, initiate or encourage inquiries or offers from, or (ii) initiate the provision of or furnish any information to, or (iii) enter into any agreement or letter of intent or memorandum of understanding with, any person or entity other than the Company with respect to the Possible Acquisition.

INFORMATION OF THE TARGET COMPANY

The Target Company was established in the PRC with limited liability and is beneficially owned as to 30% by Hubei Qinlong and 70% by Petrochina Kunlun. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of Hubei Qinlong and Petrochina Kunlun is an Independent Third Party. The Target Company is principally engaged in procurement and sale of ethanol gasoline, diesel fuel, kerosene, lubricating oil, asphalt, petroleum and natural gas, liquefied petroleum, propane gas, material and equipment of petroleum (the above operations can only be operated by branch corporations), and provision of consultancy services in relation to the energy industry (subject to valid licences or specific approval from the PRC authorities in relation to specific projects). The Target Company currently operates 2 CNG stations in Xiaogan City, Hubei Province, the PRC.

REASONS FOR THE POSSIBLE ACQUISITION

The Group is principally engaged in the businesses of manufacturing and trading of electric cycles, trading and distribution of liquor and wine, provision of money lending services and investments in listed securities.

Developing clean energy and reducing the coal consumption have become the recent trend all over the world. The PRC is now the largest energy consuming country and its consumption volume keeps rising steadily, together with encouragement from the Chinese national policy "13th Five Year Plan", the Group seizes this opportunity to further expand and diversify its business portfolio by entering into the CNG station business. The Board foresees a good prospect with high and sustainable growth in the new energy sector.

In consideration of the above, the Directors are of the view that the terms of the Framework Agreement are fair and reasonable and the Possible Acquisition is in the interests of the Company and Shareholders as a whole.

GENERAL

The Framework Agreement does not constitute legally-binding commitment in respect of the Possible Acquisition. The Possible Acquisition is subject to, among others, the execution and completion of the Formal Agreement.

The Board wishes to emphasise that no binding agreement in relation to the Possible Acquisition has been entered into by Hubei Qinlong and the Company as at the date of this announcement. As such, the Possible Acquisition may or may not proceed. Shareholders and investors are urged to exercise caution when dealing in the securities of the Company.

Further announcement in respect of the Possible Acquisition will be made by the Company in compliance with the Listing Rules as and when appropriate.

DEFINITIONS

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

“Board”	the board of Directors
“CNG”	compressed natural gas
“Company”	Guocang Group Limited, a company incorporated in Bermuda with limited liability whose issued Shares are listed on the main board of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Formal Agreement”	the formal sale and purchase agreement to be entered into between Hubei Qinlong, the Company and/or Petrochina Kunlun in relation to the Possible Acquisition
“Framework Agreement”	the non-legally binding strategic cooperation framework agreement dated 3 November 2015 and entered into between Hubei Qinlong and the Company setting out the preliminary understanding in relation to the Possible Acquisition
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Hubei Qinlong”	湖北秦龍投資集團有限公司 (Hubei Qinlong Investment Group Co., Limited*), a company established in the PRC with limited liability which as at the date of this announcement, directly holds 30% equity interest in the Target Company
“Independent Third Party”	third party independent of and not connected with the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Petrochina Kunlun”	中石油昆侖燃氣有限公司 (Petrochina Kunlun Gas Co., Ltd), a company established in the PRC with limited liability which as at the date of this announcement, directly holds 70% equity interest in the Target Company
“Possible Acquisition”	the possible acquisition by the Company of not less than 51% equity interest of the Target Company as contemplated under the Framework Agreement
“PRC”	the People’s Republic of China, which for the purposes of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.05 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target Company”	孝感中石油昆仑燃氣有限公司 (Xiaogan Petrochina Kunlun Gas Co., Limited*), a company established in the PRC with limited liability, of which 30% and 70% of the equity interest are beneficially owned by Hubei Qinlong and Petrochina Kunlun respectively as at the date of this announcement
“HK\$”	Hong Kong dollars, the lawful currency for the time being of Hong Kong
“%”	per cent

* *for identification purposes only*

By order of the Board
Guocang Group Limited
Wong Hin Shek
Chairman and Executive Director

Hong Kong, 3 November 2015

As at the date of this announcement, the executive Directors are Mr. Wong Hin Shek and Mr. Chi Chi Hung, Kenneth; and the independent non-executive Directors are Mr. Chiu Wai On, Mr. Man Kwok Leung and Dr. Wong Yun Kuen.