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GRAND T G GOLD HOLDINGS LIMITED

大唐潼金控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8299)

- (1) PROPOSED CAPITAL REORGANISATION;**
 - (2) PROPOSED CHANGE IN BOARD LOT SIZE;**
 - (3) PROPOSED RIGHTS ISSUE ON THE BASIS OF THREE RIGHTS SHARES FOR EVERY ONE ADJUSTED SHARE HELD ON THE RECORD DATE;**
 - (4) CONNECTED TRANSACTION IN RELATION TO THE UNDERWRITING AGREEMENT;**
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- AND**
- (6) APPLICATION FOR WHITEWASH WAIVER**

**Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders**



Donvex Capital Limited

PROPOSED CAPITAL REORGANISATION

The Company proposes to implement the Capital Reorganisation which will involve the Capital Reduction and Share Sub-division.

The Capital Reduction will involve the reduction of the issued share capital of the Company by reducing the par value of each issued Existing Share from HK\$0.06 to HK\$0.001 by cancelling the paid up share capital to the extent of HK\$0.059 per issued Existing Share so that following such reduction, each issued Existing Share with a par value of HK\$0.06 in the share capital of the Company shall become one Adjusted Share. The credit arising from the Capital Reduction will be transferred to the distributable reserve account of the Company and be applied for such purposes (including offsetting accumulated losses of the Company (if any)) as permitted by all applicable laws, the memorandum and articles of association of the Company and as the Board considers appropriate.

Immediately following the Capital Reduction, Share Sub-division will take place and each of the authorised but unissued shares of the Company of HK\$0.06 each will be subdivided into sixty (60) authorised but unissued Adjusted Shares, and such shares shall rank *pari passu* in all respects with each other and have rights and privileges and be subject to the restrictions contained in the memorandum and articles of association of the Company.

As at the date of this announcement, 1,496,782,160 Shares have been issued and are fully paid or credited as fully paid. Assuming that the par value of each of the 1,496,782,160 issued Existing Shares will be reduced from HK\$0.06 to HK\$0.001 per issued Existing Share by cancelling the paid up share capital to the extent of HK\$0.059 per issued Existing Share by way of a reduction of capital, so as to form issued Adjusted Shares with par value of HK\$0.001 each, the Company's existing issued share capital of HK\$89,806,929.6 will be reduced by HK\$88,310,147.44 to HK\$1,496,782.16.

The Capital Reorganisation is conditional upon fulfillment of the conditions contained in the section headed "Conditions of the Capital Reorganisation" in this announcement.

PROPOSED CHANGE IN BOARD LOT SIZE

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in board lots of 24,000 Existing Shares. The Board proposes to change the board lot size for trading on the Stock Exchange from 24,000 Existing Shares to 96,000 Adjusted Shares upon the Capital Reorganisation and Rights Issue becoming effective.

PROPOSED RIGHTS ISSUE ON THE BASIS OF THREE RIGHTS SHARES FOR EVERY ONE ADJUSTED SHARE HELD ON THE RECORD DATE

The Company proposes, subject to the Capital Reorganisation becoming effective, to implement the Rights Issue on the basis of three (3) Rights Shares for every one (1) Adjusted Share held on the Record Date at the Subscription Price of HK\$0.035 per Rights Share, to raise up to approximately HK\$157.2 million before expenses (assuming no change in the issued share capital of the Company on or before the Record Date, and all the Qualifying Shareholders taking up their respective allotment of Rights Shares in full) by way of the rights issuing up to 4,490,346,480 Rights Shares (assuming as aforesaid) to the Qualifying Shareholders.

The net proceeds from the Rights Issue (after deducting the estimated expenses) are estimated to be approximately HK\$149.7 million (assuming no further issue of new Shares or repurchase of Shares on or before the Record Date and all the Qualifying Shareholders taking up their respective allotment of Rights Shares in full).

The estimated net subscription price per Rights Share after deducting the related expenses of the Rights Issue is expected to be approximately HK\$0.033. The Company intends to apply the net proceeds from the proposed Rights Issue in the following manner: (i) first approximately HK\$30.1 million for redemption of outstanding 2017 CB issued by the Company; (ii) approximately HK\$55.5 million for repayment of loans from shareholders; (iii) approximately HK\$38.5 million for repayment of other indebtedness of the Group including but not limited to bonds and borrowings from third parties; and (iv) approximately HK\$25.6 million as the general working capital of the Group. For more details, please refer to the section headed “Reasons for and benefits of the Rights Issue and intended use of proceeds” in this announcement.

In order to be registered as members of the Company on the Record Date, all transfers of the Shares (together with the relevant share certificate(s) and/or instrument(s) of transfer) must be lodged with the Registrar at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, by 4:30 p.m. on Monday, 10 January 2022.

The last day of dealing in the Adjusted Shares on cum-rights basis is 6 January 2022. The Adjusted Shares will be dealt with on an ex-rights basis from 7 January 2022.

Irrevocable Undertaking

As at the date of this announcement, Mr. Ma, a substantial Shareholder, owns an aggregate of 200,730,224 Existing Shares, representing approximately 13.41% of the issued Existing Shares. Pursuant to the Irrevocable Undertakings, Mr. Ma has provided irrevocable and unconditional undertakings to the Company that (a) all the above Shares held by him will continue to be beneficially owned by him on the Record Date; and (b) he will accept and pay for all the Rights Shares to be provisionally allotted to him under the Rights Issue pursuant to the terms and conditions of the Prospectus Documents.

The Placing Agreement

After trading hours on 2 November 2021, the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed to procure Placee(s), on a best effort basis, to subscribe for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares as the Compensatory Arrangements.

THE UNDERWRITING AGREEMENT

The Rights Issue will be partially underwritten by the Underwriter. Pursuant to the Underwriting Agreement, the Underwriter has conditionally agreed to underwrite up to 3,664,916,784 Rights Shares (being the Rights Shares other than the 602,190,672 Rights Shares that have been undertaken to be subscribed by Mr. Ma pursuant to the Irrevocable Undertakings) on the terms and subject to the conditions set out in the Underwriting Agreement and subject to the Company satisfying the minimum Public Float Requirement under Rule 11.23(7) of GEM Listing Rules upon the completion of the Rights Issue. The Underwriter will not take up all of the Underwritten Shares if as a result of which the Company will fall below the minimum Public Float Requirement upon completion of the Rights Issue. Any of the Rights Shares which remain untaken by the Underwriter, as a result of the maintenance of the minimum Public Float Requirement upon completion of the Rights Issue, will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. Details of the major terms and conditions of the Underwriting Agreement are set out in the section headed “The Underwriting Agreement” in this announcement.

GEM LISTING RULES IMPLICATION

Rights Issue

As the Rights Issue, if proceeded with, will increase the issued share capital of the Company by more than 50%, the Rights Issue is subject to approval of the Independent Shareholders at the EGM by a resolution on which any controlling Shareholders and their respective associates or, where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company, and their respective associates shall abstain from voting in favour of the Rights Issue under Rule 10.29(1) of the GEM Listing Rules. Since there is no controlling shareholder, Mr. Ma and his respective associates shall abstain from voting in favour of the resolutions to approve the Rights Issue, the Placing Agreements, the Underwriting Agreement, the Special Deals and the transactions contemplated thereunder and Whitewash Waiver at the EGM. As at the date of this announcement, none of the Directors or chief executives of the Company had any interests in the Shares.

Underwriting Agreement

As at the date of this announcement, Mr. Ma as the Underwriter is beneficially interested in 200,730,224 Existing Shares, representing approximately 13.41% of the issued Existing Shares, and is a substantial Shareholder. As such, the Underwriter is a connected person of the Company under Chapter 20 of the GEM Listing Rules and the transactions contemplated under the Underwriting Agreement constitute connected transactions for the Company under the GEM Listing Rules and are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

TAKEOVERS CODE IMPLICATIONS AND APPLICATION FOR WHITEWASH WAIVER

As at the date of this announcement, the Underwriter and parties acting in concert with him or presumed to be acting in concert with him are in aggregate, interested in 223,239,024 Existing Shares as at the date of this announcement, representing approximately 14.91% of the issued Existing Shares.

Pursuant to the Underwriting Agreement, the Underwriter will underwrite up to 3,664,916,784 Rights Shares. If there had been no acceptance by the Qualifying Shareholders under the Rights Issue (other than the acceptance of Mr. Ma pursuant to the Irrevocable Undertakings) and no placement can be made under the Compensatory Arrangements, subject to the minimum Public Float Requirement under the GEM Listing Rules and upon completion of the Rights Issue, assuming that there is no change in the issued share capital of the Company other than the allotment and issue of the Rights Shares, the Underwriter will be required to take up 2,995,199,712 Rights Shares. In such circumstances, the Underwriter and parties acting in concert with him or presumed to be acting in concert with him, taken together, will in aggregate, hold 3,820,629,408 Shares, representing approximately 75.00% of the issued share capital of the Company as enlarged by the Rights Shares. The Unsubscribed Rights Shares and the NQS Unsold Rights Shares to be taken up by the Underwriter is subject to the Company satisfying the minimum Public Float Requirement under the Rule 11.23(7) of GEM Listing Rules upon the completion of the Rights Issue. The Underwriter will not take up all of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares if as a result of which the Company will fall below the minimum Public Float Requirement upon completion of the Rights Issue. Any of the Rights Shares which remain untaken by the Underwriter as a result of the maintenance of the minimum Public Float Requirement upon completion of the Rights Issue, will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

Accordingly, such increase of voting rights of the Company of the Underwriter would therefore trigger an obligation of the Underwriter and parties acting in concert with him or presumed to be acting in concert with him to make a mandatory general offer for all the issued Shares not already owned or agreed to be acquired by the Underwriter and parties acting in concert with him or presumed to be acting in concert with him under Rule 26 of the Takeovers Code, unless the Whitewash Waiver is granted by the Executive.

An application will be made by the Underwriter to the Executive for the Whitewash Waiver, in respect of the maximum of 3,664,916,784 Rights Shares to be underwritten by the Underwriter, pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, would be subject to, among others, (i) the approval by at least 75% of the Independent Shareholders at the EGM by way of poll in respect of the Whitewash Waiver; and (ii) the approval by more than 50% of the Independent Shareholders at the EGM by way of poll in respect of the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Special Deals and the transactions contemplated thereunder.

Special Deals

As of the date of this announcement:

- (i) the 2017 CB Holder owns the 2017 CB with outstanding principal amount of HK\$30,095,357, and holds 13,333,332 Shares (representing approximately 0.89% of the total issued Shares of the Company); and
- (ii) Ms. Zhao, being the spouse of Mr. Ma (the Underwriter and a substantial of the Company) holds 22,508,800 Shares (representing approximately 1.50% of the total issued Shares of the Company) and the Company is indebted to Ms. Zhao a shareholder's loan amounted to approximately HK\$ 54.6 million.

Under the Takeovers Code, the use of the proceeds from the Rights Issue to repay the indebtedness owed to the aforementioned Shareholders would constitute a favourable condition not extended to all Shareholders and therefore a special deals under Rule 25 of the Takeovers Code and requires the consent of the Executive. The Executive's consent, if granted, will be conditional upon (i) the Independent Financial Adviser to the Independent Board Committee publicly giving an opinion that the terms of the Special Deals are fair and reasonable; and (ii) the approval of the Independent Shareholders of the Special Deals at a shareholders' meeting by way of poll. The Company will seek the consent of the Executive to the Special Deals under Note 5 to Rule 25 of the Takeovers Code.

The Directors (excluding the independent non-executive Directors), the chief executive of the Company and their respective associates, the Underwriter, his associates and parties acting in concert with him; and any Shareholders who are involved in, or interested in, or have a material interest in the Rights Issue, the Irrevocable Undertaking, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder, the Special Deals and/or the Whitewash Waiver shall abstain from voting on the relevant resolution(s) at the EGM.

THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising Mr. Guo Wei, Mr. Lam Albert Man Sum and Mr. Cheung Wai Hung, being all the independent non-executive Directors, has been established to advise the Independent Shareholders in respect of the Rights Issue, the Underwriting Agreement, the Special Deals and the transactions contemplated thereunder and the Whitewash Waiver, and as to the voting action therefor. Donvex Capital has been appointed as the independent financial adviser by the Company with the approval of the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in these regards.

DESPATCH OF CIRCULAR

Pursuant to Rule 8.2 of the Takeovers Code, a circular containing, among others, (i) further details of the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Special Deals and the Whitewash Waiver; (ii) a letter from the Independent Board Committee; (iii) a letter from the Independent Financial Adviser to the Independent Board Committee in respect of the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Special Deals and the transactions contemplated thereunder and the Whitewash Waiver; (iv) other information required under the GEM Listing Rules and the Takeovers Code; and (v) a notice convening the EGM, shall be despatched within 21 days of the date of this announcement. Having taken into account the estimated time required for the Company to compile the information required for the Circular, the Circular is expected to be despatched within 21 days of the date of this announcement.

Subject to, among other things, the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Special Deals and the transactions contemplated thereunder and the Whitewash Waiver having been approved by the Independent Shareholders at the EGM and upon the Capital Reorganisation becoming effective, the Prospectus Documents or the Prospectus, whichever being appropriate, will be despatched to the Qualifying Shareholders and, for information only, the Non-Qualifying Shareholders in due course.

WARNING OF THE RISKS OF DEALING IN THE SHARES

The Rights Issue will proceed on a partially underwritten basis. There are no requirements for minimum levels of subscription. Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among others, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the section headed “The Underwriting Agreement — Termination of the Underwriting Agreement” in this announcement). Accordingly, the Rights Issue may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

PROPOSED CAPITAL REORGANISATION

As at the date of this announcement, the authorised share capital of the Company is HK\$160,000,000 divided into 2,666,666,666 Existing Shares, of which 1,496,782,160 Existing Shares have been issued and are fully paid or credited as fully paid. The Company proposes the Capital Reorganisation to be implemented in the following manner:

- (i) the par value of each of the issued Existing Shares be reduced from HK\$0.06 to HK\$0.001 per issued Existing Share by cancelling the paid up share capital to the extent of HK\$0.059 per issued Existing Share by way of a reduction of capital, so as to form issued Adjusted Shares with par value of HK\$0.001 each;
- (ii) the credit arising from the Capital Reduction be transferred to a distributable reserve account of the Company and be applied for such purposes (including offsetting accumulated losses of the Company (if any)) as permitted by all applicable laws, the memorandum and articles of association of the Company and as the Board considers appropriate;
- (iii) immediately following the Capital Reduction, Share Sub-division will take place and each of the authorised but unissued shares of the Company of HK\$0.06 each be subdivided into sixty (60) authorised but unissued Adjusted Shares; and
- (iv) each of the Adjusted Shares arising from the Capital Reorganisation shall rank *pari passu* in all respects with other shares in their respective classes and the Adjusted Shares will have rights and privileges and be subject to the restrictions contained in the memorandum and articles of association of the Company.

Assuming there will be no change in the issued share capital of the Company from the date of this announcement up to the date on which the Capital Reorganisation becomes effective, the share capital structure of the Company will be as follows:

	As at the date of this announcement	Immediately after the Capital Reorganisation becoming effective
Par value per Share	HK\$0.06	HK\$0.001
Amount of the authorised share capital	HK\$160,000,000	HK\$160,000,000
Number of authorised shares	2,666,666,666	160,000,000,000
Amount of the issued share capital	HK\$89,806,929.60	HK\$1,496,782.16
Number of issued Shares	1,496,782,160	1,496,782,160

The Adjusted Shares will rank *pari passu* in all respects with each other.

As at the date of this announcement, 1,496,782,160 Existing Shares have been issued and are fully paid or credited as fully paid. Assuming that the par value of each of the 1,496,782,160 issued Existing Shares will be reduced from HK\$0.06 to HK\$0.001 per issued Existing Share by cancelling the paid up share capital to the extent of HK\$0.059 per issued Existing Share by way of a reduction of capital, so as to form issued Adjusted Shares with par value of HK\$0.001 each, the Company's existing issued share capital of HK\$89,806,929.6 will be reduced by HK\$88,310,147.44 to HK\$1,496,782.16.

As at the date of this announcement, there are outstanding convertible bonds being the 2017 CB with principal amount of HK\$30,095,357 which are convertible into 100,317,856 Existing Shares at the conversion price of HK\$0.3 per Existing Share. The Capital Reorganisation may lead to adjustment to the conversion price and the number of Shares falling to be issued upon the exercise of the conversion right attaching to the 2017 CB in accordance with the terms and conditions of the 2017 CB. The Company will make further announcement(s) on such adjustment(s) as and when appropriate. Save for the 2017 CB, the Company has no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

Conditions of the Capital Reorganisation

The Capital Reorganisation is conditional on the following conditions being fulfilled:

- (i) the Shareholders' approval by way of special resolution at the EGM to be convened and held to consider and, if thought fit, approve, among other things, the Capital Reorganisation;
- (ii) an order being made by the Court confirming the Capital Reduction;
- (iii) compliance with any conditions which the Court may impose in relation to the Capital Reduction;
- (iv) registration by the Registrar of Companies of the Cayman Islands of a copy of the order of the Court confirming the Capital Reduction and the minute approved by the Court containing the particulars required under the Companies Act with respect to the Capital Reduction; and
- (v) the GEM Listing Committee granting the listing of, and permission to deal in, the Adjusted Shares arising from the Capital Reorganisation.

The Capital Reorganisation will become effective when the conditions mentioned above are fulfilled. Upon the approval by the Shareholders of the Capital Reorganisation 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 a further announcement will be made by the Company as soon as practicable after the Court hearing date(s) is confirmed.

Listing and dealings

Application will be made to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Adjusted Shares arising from the Capital Reorganisation.

The Adjusted Shares will be identical in all respects and rank *pari passu* in all respects with each other as to all future dividends and distributions which are declared, made or paid. Subject to the granting of the listing of, and permission to deal in, the Adjusted Shares on the Stock Exchange, the Adjusted 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 Adjusted 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.

Free exchange of certificates for the Adjusted Shares

As the Court hearing date(s) has yet to be fixed, the effective date of the Capital Reorganisation is not ascertainable at present. Should the Capital Reorganisation become effective, Shareholders may submit existing certificates for the Existing Shares to the Registrar, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for exchange, at the expense of the Company, within one month from the effective date of the Capital Reorganisation, for certificates for the Adjusted Shares. Details of such free exchange of share certificates will be announced as soon as the effective date of the Capital Reorganisation is ascertained.

All existing certificates of the Existing Shares will continue to be evidence of title to such Existing Shares but will cease to be valid for delivery, trading and settlement purpose.

PROPOSED CHANGE IN BOARD LOT SIZE

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in board lot of 24,000 Existing Shares. The Board proposes to change the board lot size for trading on the Stock Exchange from 24,000 Existing Shares to 96,000 Adjusted Shares upon the Capital Reorganisation and the Rights Issue becoming effective.

Based on the closing price of HK\$0.041 per Existing Share as at the date of this announcement, (i) the value of each existing board lot of 24,000 Existing Shares is HK\$984; (ii) the value of each board lot of 96,000 Adjusted Shares would be HK\$3,936 assuming the Capital Reorganisation and the Rights Issue becoming effective; and (iii) the estimated value per board lot of 96,000 Adjusted Shares would be HK\$3,936 assuming that the Change in Board Lot Size had also been effective.

The change in board lot size will not result in any change in the relative rights of the Shareholders.

REASONS FOR AND EFFECTS OF THE CAPITAL REORGANISATION AND THE CHANGE IN BOARD LOT

The Board considers that the Capital Reorganisation will enable the nominal or par value of the Shares to be reduced from HK\$0.06 to HK\$0.001 each, thus giving greater flexibility to the Company to issue the Adjusted Shares given that the Company is not permitted, without order of the Court, to issue new Shares below their nominal or par value. In order to lower the par value of the shares for facilitating the Rights Issue, it is necessary to implement the Capital Reduction. Please refer to the paragraph headed “Reasons for the Rights Issue” below for the reasons for and benefits of the Rights Issue. In addition, the Board is of the opinion that the Capital Reorganisation will provide the Company with greater flexibility in possible fund raisings in the future.

Further, pursuant to the “Guide on Trading Arrangements for Selected Types of Corporate Actions issued by The Hong Kong Exchange and Clearing Limited on 28 November 2008 and updated on 30 August 2019, the expected value per board lot should be greater than HK\$2,000 taking into account the minimum transaction costs for a securities trade. The Existing Shares have been constantly traded below HK\$1.00 during the past 12 months. In order to reduce transaction and registration costs incurred by the Shareholders and investors of the Company, the Board proposes to implement Change in Board Lot Size, and it is expected that this will increase the value of each board lot of the Adjusted Shares to more than HK\$2,000.

As such, the Directors are of the view that the Capital Reorganisation and the Change in Board Lot Size is in the best interests of the Company and its Shareholders as a whole.

Save for the expenses to be incurred in relation to the Capital Reorganisation, the Directors consider that the Capital Reorganisation 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.

PROPOSED RIGHTS ISSUE ON THE BASIS OF THREE RIGHTS SHARES FOR EVERY ONE ADJUSTED SHARE HELD ON THE RECORD DATE

The Company proposes, subject to the Capital Reorganisation becoming effective, to implement the Rights Issue on the basis of three (3) Rights Shares for every one (1) Adjusted Share held on the Record Date at the Subscription Price of HK\$0.035 per Rights Share, to raise up to approximately HK\$157.2 million before expenses (assuming no change in the issued share capital of the Company on or before the Record Date, and all the Qualifying Shareholders taking up their respective allotment of Rights Shares in full) by way of the rights issuing up to 4,490,346,480 Rights Shares (assuming as aforesaid) to the Qualifying Shareholders.

On 2 November 2021 (after trading hours), the Company entered into the Underwriting Agreement with the Underwriter in respect of the Rights Issue. Further details of the Rights Issue are set out below:

Issue statistics

Basis of the Rights Issue	:	three (3) Rights Shares for every one (1) Adjusted Share held on the Record Date
Subscription Price	:	HK\$0.035 per Rights Share
Number of Existing Shares in issue at the date of this announcement	:	1,496,782,160 Existing Shares
Number of Adjusted Shares in issue upon the Capital Reorganisation becoming effective	:	1,496,782,160 Adjusted Shares (assuming no change in the number of Shares in issue on or before the date on which the Capital Reorganisation became effective)
Number of Rights Shares	:	(Assuming the Capital Reorganisation has become effective and no further issue of new Shares or repurchase of Shares on or before the Record Date) up to 4,490,346,480 Rights Shares, representing 300% of the Company's issued number of Adjusted Shares as at the date of this announcement and 75% of the enlarged issued share capital of the Company upon completion of the Rights Issue;

Gross proceeds and net proceeds : Assuming no change in the issued share capital of the Company on or before the Record Date, and all the Qualifying Shareholders taking up their respective allotment of Rights Shares in full:

Gross proceeds: up to approximately HK\$157.2 million

Net proceeds (after deducting the estimated expenses): up to approximately HK\$149.7 million

Aggregate nominal value of the Rights Shares : up to approximately HK\$4,490,346.48

As at the date of this announcement, there are outstanding convertible bonds being the 2017 CB with principal amount of HK\$30,095,357 which are convertible into 100,317,856 Existing Shares at the conversion price of HK\$0.3 per Existing Share. As at the date of this announcement, the Company had entered into an agreement with the 2017 CB Holder, an Independent Third Party, pursuant to which, *inter alia*, the 2017 CB Holder had undertaken to the Company not to exercise the conversion rights attached to the 2017 CB prior to completion of the agreement and the Company shall, upon completion of the agreement, firstly apply part of the proceeds from the Rights Issue of the amount equivalent to the principal amount of the 2017 CB to repay the outstanding 2017 CB and also pay to the 2017 CB Holder the relevant outstanding interest of the 2017 CB accrued up to and including the completion date under the agreement in accordance with the terms and conditions of the said agreement. Save for the 2017 CB, the Company has no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

Subscription Price

The Subscription Price is HK\$0.035 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents (assuming the Capital Reorganisation has become effective as at the date of this announcement):

- (i) a discount of approximately 16.67% to the closing price of HK\$0.042 per Existing Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 5.41% to the theoretical ex-rights price of HK\$0.037 per Share as adjusted for the effect of the Rights Issue, based on the closing price of HK\$0.042 per Share as quoted on the Stock Exchange on the Last Trading Day;

- (iii) a discount of approximately 14.63% to the average closing prices of HK\$0.041 per Existing Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 5.41% to the theoretical ex-rights price of HK\$0.037 per Share as adjusted for the effect of the Rights Issue, based on the average closing prices of HK\$0.041 per Existing Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day;
- (v) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) represented by a discount of approximately 11.90%, represented by the theoretical diluted price of approximately HK\$0.037 per Share to the benchmarked price of approximately HK\$0.042 per Share (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the closing price on the Last Trading Day of HK\$0.042 per Existing Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five previous consecutive trading days prior to the date of this announcement of approximately HK\$0.042 per Existing Share);
- (vi) a discount of approximately 78.92% to the audited consolidated net asset value per Share of approximately HK\$0.166 (based on the latest published audited consolidated net asset value of the Group attributable to the Shareholders of approximately HK\$249.1 million and 1,496,782,160 Shares in issue as at 31 March 2021); and
- (vii) a discount of approximately 48.53% to the theoretical ex-rights price of HK\$0.068 per Share as adjusted for the effect of the Rights Issue, based on the audited consolidated net asset value per Share of approximately HK\$0.166 (based on the latest published audited consolidated net asset value of the Group attributable to the Shareholders of approximately HK\$249.1 million and 1,496,782,160 Shares in issue as at 31 March 2021).

The Subscription Price was determined after arm's length negotiation between the Company and the Underwriter with reference to, among others, (i) the market price of the Shares under the prevailing market conditions, (ii) the latest business performance and financial position of the Group; and (iii) the reasons for and benefits of proposed Rights Issue as discussed in the section headed "Reasons for and benefits of the Rights Issue and intended use of proceeds" in this announcement.

After taking into consideration the reasons for the Rights Issue as stated in the section headed "Reasons for and benefits of the Rights Issue and intended use of proceeds" in this announcement, the Directors (excluding the members of the Independent Board Committee whose opinion will be set forth in the circular of the Company after having been advised by the Independent Financial Adviser) consider that, the terms of the proposed Rights Issue, and the Underwriting Agreement, including the Subscription Price, to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

Qualifying Shareholders

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company at the close of business on the Record Date and not be a Non-Qualifying Shareholder.

In order to be registered as members of the Company at the close of business on the Record Date, all transfers of the Adjusted Shares (together with the relevant share certificate(s) and/or instrument(s) of transfer) must be lodged with the Registrar at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, by 4:30 p.m. on 10 January 2022.

It is expected that the last day of dealings in the Adjusted Shares on a cum-rights basis is 6 January 2022, and the Adjusted Shares will be dealt with on an ex-rights basis from 7 January 2022.

Subject to the Capital Reorganisation becoming effective and the registration of the Prospectus Documents in accordance with the applicable laws and regulations, the Company will despatch the Prospectus Documents to the Qualifying Shareholders on the Prospectus Posting Date and will despatch the Prospectus only (without the PAL) to the Non-Qualifying Shareholder for their information only.

Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Non-Qualifying Shareholders should note that their shareholdings in the Company will be diluted.

Rights of Overseas Shareholders (if any)

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below.

In compliance with Rule 17.41(1) of the GEM Listing Rules, the Company will make enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders (if any). If, based on legal opinions, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the relevant place(s) or the requirements of the relevant regulatory body or stock exchange in that (those) place(s), the Rights Issue will not be extended to such Overseas Shareholders.

The basis for excluding the Non-Qualifying Shareholders(s), if any, from the Rights Issue will be set out in the Prospectus to be issued. The Company will send the Prospectus (without the PAL) and a letter explaining the circumstances in which the Non-Qualifying Shareholders are not permitted to participate in the Rights Issue to the Non-Qualifying Shareholders for their information only.

Arrangements will be made for Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence and before dealing in the nil-paid Rights Shares end. The proceeds of such sale of individual portion of nil-paid Rights Shares of relevant Non-Qualifying Shareholder, less expenses and stamp duty, of more than HK\$100 will be paid pro rata to the Non-Qualifying Shareholders. In view of administrative costs, the Company will retain individual amounts of HK\$100 or less for the benefit of the Company. Any unsold entitlement of Non-Qualifying Shareholders will be taken up by the Underwriter in accordance with the terms of the Underwriting Agreement.

The Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form that have not been sold by the Company, i.e. the NQS Unold Rights Shares, together with the Unsubscribed Rights Shares, shall be subject to the Compensatory Arrangements, as further described in the paragraph headed “Procedures in respect of the Unsubscribed Rights Shares and the NQS Unold Rights Shares, and the Compensatory Arrangements” below.

Overseas Shareholders should note that they may or may not be entitled to the Rights Issue, subject to the results of enquiries made by the Directors pursuant to Rule 17.41(1) of the GEM Listing Rules. Accordingly, Overseas Shareholders should exercise caution when dealing in the securities of the Company.

Closure of register of members

The register of members of the Company will be closed from 11 January 2022 to 13 January 2022 (both days inclusive) for determining the Shareholders’ entitlements to the Rights Issue.

No transfer of the Adjusted Shares will be registered during the above book closure periods.

Basis of provisional allotment

The basis of the provisional allotment shall be three (3) Rights Shares for every one (1) Adjusted Share in issue and held by the Qualifying Shareholders at the close of business on the Record Date at the Subscription Price payable in full on acceptance and otherwise on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents.

Application for all or any part of a Qualifying Shareholder’s provisional allotment should be made by lodging a duly completed PAL and a cheque or a banker’s cashier order for the sum payable for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

Fractional entitlements to the Rights Shares

On the basis of three (3) Rights Shares for every one (1) Adjusted Share held on the Record Date, no fractional entitlement will arise under the Rights Issue.

Status of the Rights Shares

The Rights Shares, when allotted and issued, shall rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment of the Rights Shares in their fully-paid form.

Share certificates and refund cheques for the Rights Issue

Subject to the fulfilment of the conditions of the Rights Issue, certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post at their own risk on or before 11 February 2022.

If the Underwriting Agreement is terminated or not becoming unconditional, refund cheques will be despatched on 11 February 2022 by ordinary post, at the respective Shareholders' own risk, to their registered addresses.

Application for listing of the Rights Shares

The Company will apply to the GEM Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares in the board lot of size of 96,000 Shares, in both their nil-paid and fully-paid forms.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement dates of the dealings in the Rights Shares in both their nil-paid and fully-paid forms or such other dates as may be 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 trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Dealing in the Rights Shares in both their nil-paid and fully-paid forms which are registered in the register of members of the Company in Hong Kong will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the fully-paid Rights Shares and, regarding Non-Qualifying Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares on their behalf.

Conditions of the Rights Issue

The Rights Issue is conditional upon the Underwriting Agreement having become unconditional and not being terminated in accordance with the terms thereof.

Irrevocable Undertaking

As at the date of this announcement, Mr. Ma, a substantial Shareholder, owns an aggregate of 200,730,224 Existing Shares, representing approximately 13.41% of the issued Existing Shares. Pursuant to the Irrevocable Undertakings, Mr. Ma has provided irrevocable and unconditional undertakings to the Company that (a) all the above Shares held by him will continue to be beneficially owned by him on the Record Date; and (b) he will accept and pay for all the Rights Shares to be provisionally allotted to him under the Rights Issue pursuant to the terms and conditions of the Prospectus Documents.

Procedures in respect of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares, and the Compensatory Arrangements

Pursuant to Rule 10.31(2) of the GEM Listing Rules, as Mr. Ma, as the Underwriter, is a substantial Shareholder of an aggregate of 200,730,224 Existing Shares, representing approximately 13.41% of the issued Existing Shares, the Company must make arrangements described in Rule 10.31(1)(b) of the GEM Listing Rules to dispose of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by offering the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to independent places for the benefit of the Shareholders to whom they were offered by way of the rights. There will be no excess application arrangements in relation to the Rights Issue as stipulated under Rule 10.31(1)(a) of the GEM Listing Rules.

The Company has appointed the Placing Agent to place the Unsubscribed Rights Shares and the NQS Unsold Rights Shares after the Latest Time for Acceptance to independent places on a best effort basis, and any premium over the aggregate amount of (i) the Subscription Price for those Rights Shares; and (ii) the expenses of the Placing Agent (including any other related expenses/fees), that is realised from the Placing will be paid to those No Action Shareholders. The Placing Agent will, on a best effort basis, procure, by not later than 4:00 p.m. on Tuesday, 8 February 2022, acquirers for all (or as many as possible) of those Unsubscribed Rights Shares and the NQS Unsold Rights Shares at a price not less than the Subscription Price. Subject to the Company satisfying the minimum Public Float Requirement under the Rule 11.23(7) of GEM Listing Rules upon the completion of the Rights Issue, any unsold Unsubscribed Rights Shares and the NQS Unsold Rights Shares

under the Compensatory Arrangements will be taken up by the Underwriter pursuant to the terms of the Underwriting Agreement. For avoidance of doubt, the Underwriter will not take up all of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares if as a result of which the Company will fall below the minimum Public Float Requirement upon completion of the Rights Issue. Any of the Rights Shares which remain untaken by the Underwriter, as a result of the maintenance of the minimum Public Float Requirement upon completion of the Rights Issue, will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

Net Gain (if any) will be paid on pro-rata basis (on the basis of all Unsubscribed Rights Shares and NQS Unsold Rights Shares) to the No Action Shareholders (but rounded down to the nearest cent) as set out below:

- (i) the Qualifying Shareholders who did not subscribe for the Rights Shares (whether partially or fully) under the PALs and their renounees;
- (ii) such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed; and
- (iii) the Non-Qualifying Shareholders in respect of the NQS Unsold Rights Shares.

It is proposed that Net Gain to any of the No Action Shareholder(s) mentioned in (i) to (iii) above which is in an amount of HK\$100 or more will be paid to them in Hong Kong Dollars only and the Company will retain individual amounts of less than HK\$100 for its own benefit.

The Placing Agreement

Details of the Placing Agreement are as follows:

- Date : 2 November 2021 (after trading hours of the Stock Exchange)
- Placing Agent : Cinda International Capital Limited was appointed as the Placing Agent to procure, on a best effort basis, Places to subscribe for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares. The Placing Agent is a licenced corporation to carry out Type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO.

- Placing fee : The Company shall pay to the Placing Agent:
- (a) HK\$100,000 payable within ten (10) business days after the Rights Issue and the transaction contemplated thereunder has been duly approved at the EGM; (b) HK\$300,000 payable within ten (10) business days after the completion of the Rights Issue; and (c) 2.5% of the aggregate placing price of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares successfully placed by or on behalf of the Placing Agent less the aggregate of the amounts referred to in (a) and (b) above in accordance with the terms and conditions of the Placing Agreement
- Placing price of the Unsubscribed Rights Shares and/or and the NQS Unsold Rights Shares (as the case maybe) : The placing price of the Unsubscribed Rights Shares and/or the NQS Unsold Rights Shares (as the case maybe) shall be not less than the Subscription Price. The final price determination is dependent on the demand and market conditions of the Unsubscribed Rights Shares and/or the NQS Unsold Rights Shares during the process of placement.
- Placees : The Unsubscribed Rights Shares and the NQS Unsold Rights Shares are expected to be placed to the Placee(s) who and whose ultimate beneficial owner(s) shall be the Independent Third Party(ies).
- Ranking of Unsubscribed Rights Shares and the NQS Unsold Rights Shares : Unsubscribed Rights Shares and the NQS Unsold Rights Shares (when placed, allotted, issued and fully paid) shall rank *pari passu* in all respects among themselves and with the Shares then in issue.
- Condition Precedent : The obligations of the Placing Agent under the Placing Agreement are subject to and conditional upon the Underwriting Agreement becoming unconditional.
- Placing Completion Date : The date when the Rights Shares are duly issued by the Company under the Rights Issue, which is 8 February 2022 or such other date as the Company and the Placing Agent may agree in writing.

Termination

: If, prior to the Latest Placing Time:

- (1) in the reasonable opinion of the Placing Agent, the success of the Placing would be materially and adversely affected by:
 - (a) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Placing Agent materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Placing; or
 - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof), of a political, military, financial, economic or other nature, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
 - (c) any materially adverse change in the business or in the financial or trading position of the Group as a whole; or
 - (d) there occurs or comes into effect the imposition of any moratorium, suspension or material restriction on trading in the Shares generally on the Stock Exchange due to exceptional financial circumstances or otherwise; or

- (2) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, and a change in currency conditions which includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) occurs in Hong Kong, the United States of America or the PRC which in the reasonable opinion of the Placing Agent makes it inexpedient or inadvisable to proceed with the Placing, the Placing Agent shall be entitled, without any liability to the Company, by notice in writing to the Company served prior to the Latest Placing Time, to terminate the Placing Agreement.

The terms of the Placing Agreement (including the placing fee) were determined after arm's length negotiation between the Placing Agent and the Company and are on normal commercial terms. The Directors consider that the placing fee charged by the Placing Agent is no less favourable to the Company than the market rate in recent placing transactions and are therefore of the view that the terms of the Placing Agreement are on normal commercial terms.

Given that the Compensatory Arrangements would provide (i) a distribution channel of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to the Company; and (ii) a compensatory mechanism for No Action Shareholders, the Directors consider that the Compensatory Arrangements are fair and reasonable and would provide adequate safeguard to protect the interest of the Company's minority Shareholders.

THE UNDERWRITING AGREEMENT

Underwriting Agreement

Date : 2 November 2021 (after trading hours of the Stock Exchange)

Issuer : the Company

Underwriter : Mr. Ma, a substantial Shareholder, owns an aggregate of 200,730,224 Existing Shares, representing approximately 13.41% of the issued Existing Shares as at the date of this announcement

- Number of Rights Shares underwritten by the Underwriter : The Rights Issue will be partially underwritten by the Underwriter and up to 3,664,916,784 Rights Shares being the maximum number of Rights Shares issuable (assuming the Capital Reorganisation has become effective and no further issue of new Shares or repurchase of Shares on or before the Record Date and excluding then 602,190,672 Rights Shares that have been undertaken to be subscribed by Mr. Ma pursuant to the Irrevocable Undertakings and subject to the Company satisfying the minimum Public Float Requirement under the Rule 11.23(7) of GEM Listing Rules upon the completion of the Rights Issue), are underwritten by the Underwriter pursuant to the terms and conditions set out in the Underwriting Agreement.
- Underwriting Commission : The Underwriter will not receive any underwriting commission
- Public Float : The Underwriter will take up all of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares unless as a result of which the Company will fall below the minimum Public Float Requirement upon completion of the Rights Issue.

Any of the Rights Shares which remain untaken by the Underwriter, as a result of the maintenance of the minimum Public Float Requirement upon completion of the Rights Issue, will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

The terms of the Underwriting Agreement were determined after arm's length negotiation between the Company and the Underwriter by reference to the existing financial position of the Group, the size of the Rights Issue, and the market conditions.

It is not in the ordinary course of business of the Underwriter to underwrite shares. Mr. Ma's role as the Underwriter in respect of the Rights Issue, together with the Irrevocable Undertaking given by him, signify strong support from the substantial Shareholder to the Group and his confidence in the development of the Group.

Having considered the above, the Directors (excluding the members of the Independent Board Committee whose opinion will be set forth in the circular of the Company after having been advised by the Independent Financial Adviser) consider that Mr. Ma, a substantial Shareholder who is willing to support the continuing growth of the Group, as the Underwriter for the Rights Issue is in the interests of the Company and the Shareholders as a whole, and that the terms of the Underwriting Agreement are fair and reasonable and the transactions contemplated under the Underwriting Agreement are on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Conditions of the Underwriting Agreement

The obligations of the Underwriter under the Underwriting Agreement are conditional upon:

- (i) the completion of the Capital Reorganisation;
- (ii) the passing of the necessary resolutions at the EGM by shareholders other than Mr. Ma and parties acting in concert with him or presumed to be acting in concert with him and those who are involved in and interested in the Rights Issue, Irrevocable Undertakings, Underwriting Agreement, Placing Agreement, Special Deals and Whitewash Waiver and by way of poll to approve (i) the Capital Reorganisation and the transactions contemplated thereunder by the Shareholders; (ii) the Rights Issue, the Placing Agreement, and the Underwriting Agreement, the Special Deals and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Rights Shares); and (iii) a special resolution to approve the Whitewash Waiver by no later than the Prospectus Posting Date;
- (iii) the Executive granting the Whitewash Waiver to Mr. Ma and the satisfaction of any condition attached to the Whitewash Waiver granted;
- (iv) the GEM Listing Committee granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in all the Rights Shares (in their nil-paid and fully-paid forms) by no later than the business day prior to the first day of their dealings;
- (v) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively of one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the GEM Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance not later than the Prospectus Posting Date;

- (vi) the posting of the Prospectus Documents to Qualifying Shareholders on the Prospectus Posting Date and the posting of the Prospectus and a letter in the agreed form to the Non-Qualifying Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Prospectus Posting Date;
- (vii) the Underwriting Agreement not being terminated by the Underwriter pursuant to the terms thereof on or before the Latest Time for Termination;
- (viii) the delivery of the duly signed Irrevocable Undertakings to the Company;
- (ix) the entering into of the Placing Agreement;
- (x) the compliance with and performance of all the undertakings and obligations of the Company under the terms of the Underwriting Agreement;
- (xi) there being no event which would have rendered any of the warranties given by the Company under the Underwriting Agreement untrue or incorrect in any material respect occurring prior to the Latest Time for Termination; and
- (xii) the Shares remaining listed on GEM of the Stock Exchange at all times prior to the settlement date and the listing of the Shares not having been withdrawn or the trading of the Shares not having been suspended for a consecutive period of more than 10 trading days at any time prior to the Latest Time for Acceptance.

Save for the condition (x) above which can be waived by the Underwriter, none of the above conditions can be waived. If any of the conditions referred to above is not satisfied or waived (as the case may be) by the Latest Time for Termination or such other date as the Company and the Underwriter may agree, the Underwriting Agreement shall terminate and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches and the Rights Issue will not proceed.

Termination of the Underwriting Agreement

If, prior to the Latest Time for Termination (provided that if the date of the Latest Time for Termination shall be a business day on which a tropical cyclone warning signal no. 8 or above or “extreme conditions” caused by super typhoons is announced by the Government of Hong Kong or a black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 5:00 p.m. on that day, the date of the Latest Time for Termination

shall be the next Business Day on which no tropical cyclone warning signal no. 8 or above and no black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 5:00 p.m. on that day):

- (i) in the absolute opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
 - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue; or
 - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (ii) any material adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction of trading in securities) occurs which in the absolute opinion of the Underwriter is likely to materially or adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (iii) there is any change in the circumstances of the Company or any member of the Group which in the absolute opinion of the Underwriter shall affect the prospects of the Company, including without limiting the generality of the foregoing, the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
- (iv) any event of force majeure occurs, including without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or

- (v) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or
- (vi) the Prospectus Documents in connection with the Rights Issue when published contain information (either as to business prospects or the financial condition of the Group or as to its compliance with any laws or the GEM Listing Rules or any applicable regulations) which has not prior to the date of the Underwriting Agreement been publicly announced or published by the Company and which may in the absolute opinion of the Underwriter is material to the Group as a whole and is likely to affect materially and adversely the success of the Rights Issue or might cause a reasonably prudent investor not to apply for its assured entitlements of Rights Shares under the Rights Issue; or
- (vii) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the absolute opinion of the Underwriter, a material omission in the context of the Rights Issue; or
- (viii) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten (10) consecutive business days, excluding any suspension in connection with the clearance of this announcement or the Prospectus Documents or other announcements or circulars in connection with the Rights Issue; or
- (ix) any moratorium, suspension or material restriction on trading of the Shares on the Stock Exchange due to exceptional financial circumstances or otherwise,

the Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

If prior to the Latest Time for Termination any such notice as is referred to above is given by the Underwriter, the obligations of the Underwriter and the Company under the Underwriting Agreement shall terminate forthwith and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches. If the Underwriter exercises such right, the proposed Rights Issue will not proceed.

EXPECTED TIMETABLE

Set out below is the expected timetable for the proposed Capital Reorganisation, the proposed Rights Issue and proposed change of board lot size which is indicative only and has been prepared on the assumption that all the conditions of the Rights Issue will be fulfilled. The expected timetable is subject to change and further announcement(s) will be made by the Company should there be any changes to the expected timetable.

Rights Issue

Event	Date
Expected despatch date of the circular, proxy form and notice of the EGM	Wednesday, 17 November 2021
Latest time for lodging transfers of the Shares in order to qualify for attendance and voting at the EGM	4:30 p.m. on Friday, 3 December 2021
Closure of register of members of the Company for determination of the identity of the Shareholders entitled to attend and vote at the EGM (both dates inclusive).....	Monday, 6 December 2021 to Friday, 10 December 2021
Latest time for lodging proxy forms for the EGM	11:00 a.m. on Wednesday, 8 December 2021
Expected time and date of the EGM	11:00 a.m. on Friday, 10 December 2021
Announcement of poll results of the EGM.....	Friday, 10 December 2021
The following events are conditional on the fulfilment of the conditions for the implementation of the Capital Reorganisation	
Effective date of the Capital Reorganisation	9:00 a.m. on Thursday, 6 January 2022
First day of free exchange of existing share certificates for Existing Shares for new share certificates for the Adjusted Shares	Thursday, 6 January 2022
Commencement of dealings in the Adjusted Shares.....	9:00 a.m. on Thursday, 6 January 2022

Last day of dealings in the Adjusted Shares on a cum-rights basis.....	Thursday, 6 January 2022
First day of dealings in the Adjusted Shares on an ex-rights basis	Friday, 7 January 2022
Latest time for lodging transfer of the Adjusted Shares in order to qualify for the Rights Issue.....	4:30 p.m. on Monday, 10 January 2022
Closure of register of members of the Company (both days inclusive)	Tuesday, 11 January 2022 to Thursday, 13 January 2022
Record Date for determining entitlements to the Rights Issue	Thursday, 13 January 2022
Register of members of the Company re-opens	Friday, 14 January 2022
Despatch of Prospectus Documents (in the case of Non-Qualifying Shareholders, the Prospectus only).....	Friday, 14 January 2022
First day of dealing in nil-paid Rights Shares.....	9:00 a.m. on Tuesday, 18 January 2022
Latest time for splitting of the PAL.....	4:30 p.m. on Thursday, 20 January 2022
Last day of dealing in nil-paid Rights Shares.....	4:00 p.m. on Tuesday, 25 January 2022
Latest time for lodging transfer documents of nil-paid Rights Shares in order to qualify for the Compensatory Arrangements	4:00 p.m. on Friday, 28 January 2022
Latest Time for Acceptance of and payment for the Rights Shares.....	4:00 p.m. on Friday, 28 January 2022
Latest Time for Termination of the Underwriting Agreement and for the Rights Issue to become unconditional (if applicable).....	4:00 p.m. on Monday, 31 January 2022

Announcement of the number of Unsubscribed Rights Shares subject to the Compensatory Arrangements and the NQS Unsold Rights Shares Monday, 31 January 2022

Commencement of placing of Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Placing Agent Friday, 4 February 2022

Latest time of placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Placing Agent Tuesday, 8 February 2022

Announcement of results of Rights Issue (including results of the placing of Unsubscribed Rights Shares and the NQS Unsold Rights Shares and the amount of the Net Gain per Unsubscribed Rights Shares under the Compensatory Arrangements and the NQS Unsold Rights Shares) Thursday, 10 February 2022

Despatch of certificates for fully-paid Rights Shares and completion of Placing to take place Friday, 11 February 2022

Refund cheques, if any, to be despatched (if the Rights Issue is terminated) on or before Friday, 11 February 2022

Expected first day of dealings in fully-paid Rights Shares Monday, 14 February 2022

Payment of Net Gain to relevant No Action Shareholders (if any) Monday, 28 February 2022

Last day of free exchange of existing certificates for Existing Shares for new certificates for the Adjusted Shares 4:30 p.m. on Tuesday, 8 March 2022

Proposed Change In Board Lot Size

Last day of trading of Shares in board lots of 24,000 Shares each Friday, 11 February 2022

Effective day of change of board lot size from 24,000 to 96,000 Shares each Monday, 14 February 2022

Designated broker starts to stand in the market to
provide matching services, on a best effort basis,
for odd lots of Shares 9:00 a.m. on Monday,
14 February 2022

The last day for the designated broker to provide
matching services for odd lots of Shares..... 4:00 p.m. on Friday,
4 March 2022

All times and dates stated above refer to Hong Kong local times and dates. The expected timetable for the Rights Issue set out above and all dates and deadlines specified in this announcement are indicative only and may be varied. Any changes to the expected timetable will be announced in a separate announcement by the Company as and when appropriate.

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES

The latest time for acceptance of and payment for the Rights Shares will not take place if there is a tropical cyclone warning signal no. 8 or above or “extreme conditions” caused by super typhoons is announced by the Government of Hong Kong, or a “black” rainstorm warning:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Friday, 28 January 2022. Instead the latest time for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Friday, 28 January 2022. Instead the latest time for acceptance of and payment for the Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance of and payment for the Rights Shares does not take place on the currently scheduled date, the dates mentioned in this section may be affected. An announcement will be made by the Company in such event.

ODD LOT ARRANGEMENT

In order to facilitate the trading of odd lots of the Shares arising from the Rights Issue and the Change in Board Lot Size, a designated broker will be appointed to match the purchase and sale of odd lots of the Shares at the relevant market price per Share for the period from Monday, 14 February 2022 to Friday, 4 March 2022 (both days inclusive). Holders of odd lots of Shares should note that successful matching of the sale and purchase of odd lots of Shares is not guaranteed. Any Shareholder who is in any doubt about the odd lot arrangement is recommended to consult his/her/its own professional advisers. Details of the odd lot arrangement will be provided in the Prospectus of the Company.

REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND INTENDED USE OF PROCEEDS

The Group is principally engaged in gold exploration, mining and mineral processing with gold concentrate as its product.

The gross proceeds from the Rights Issue are expected to be up to approximately HK\$157.2 million (assuming the Capital Reorganisation has become effective and no further issue of new Shares or repurchase of Shares on or before the Record Date and all the Qualifying Shareholders taking up their respective allotment of Rights Shares in full).

The net proceeds from the Rights Issue (after deducting the estimated expenses) are estimated to be up to approximately HK\$149.7 million (assuming the Capital Reorganisation has become effective and no further issue of new Shares or repurchase of Shares on or before the Record Date and all the Qualifying Shareholders taking up their respective allotment of Rights Shares in full).

The estimated net subscription price per Rights Share after deducting the related expenses of the Rights Issue is expected to be approximately HK\$0.033. The Company intends to apply the net proceeds from the proposed Rights Issue in the following manner: (i) first approximately HK\$30.1 million for redemption of outstanding 2017 CB issued by the Company, namely the 2017 CB which is owned by the 2017 CB Holder who also holds 13,333,332 Shares (representing approximately 0.89% of the total issued Shares of the Company) as at the date of the announcement; (ii) approximately HK\$55.5 million for repayment of loans from shareholder (namely Ms. Zhao); (iii) approximately HK\$38.5 million for repayment of other indebtedness of the Group including but not limited to bonds and borrowings from third parties and these bondholder and lenders are not a Shareholder; and (iv) approximately HK\$25.6 million as the general working capital of the Group.

The Board considers that the Rights Issue will provide an opportunity to raise capital for the Company to accommodate the funding need for repayment of indebtedness of the Group whilst increasing the capital base and financial position of the Company and give the Qualifying Shareholders equal opportunity to maintain their respective pro-rata shareholding interests in the Company. Hence, the Board considers that fund raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole. However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Non-Qualifying Shareholders should note that their shareholdings will be diluted.

SHAREHOLDING STRUCTURE OF THE COMPANY

If the Rights Issue is to proceed, for illustration purposes only:

Assuming that there is no change in the shareholding structure of the Company from the date of this announcement up to the completion of the Rights Issue:

Name of Shareholder	As at the date of this announcement		Immediately after completion of the Rights Issue assuming full acceptance of the Rights Shares by the Qualifying Shareholders		Immediately after completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders (other than Mr. Ma who has provided Irrevocable Undertakings) and 100% of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares are fully placed to the Places under the Compensatory Arrangements		Immediately after completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders (other than Mr. Ma who has provided Irrevocable Undertakings) and 100% of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares are taken up by the Underwriter	
	Number of Shares	Approximate % of issued Shares	Number of Shares	Approximate % of issued Shares	Number of Shares	Approximate % of issued Shares	Number of Shares	Approximate % of issued Shares
Mr. Ma (also as the Underwriter)	200,730,224	13.41	802,920,896	13.41	802,920,896	13.41	3,798,120,608	74.56 ^(Note 2)
Ms. Zhao ^(note 1)	22,508,800	1.50	90,035,200	1.50	22,508,800	0.38	22,508,800	0.44
Other public Shareholders	<u>1,273,543,136</u>	<u>85.09</u>	<u>5,094,172,544</u>	<u>85.09</u>	<u>5,161,698,944</u>	<u>86.21</u>	<u>1,273,543,136</u>	<u>25.00</u>
Total	<u>1,496,782,160</u>	<u>100.00</u>	<u>5,987,128,640</u>	<u>100.00</u>	<u>5,987,128,640</u>	<u>100.00</u>	<u>5,094,172,544</u>	<u>100.00</u>

Note:

- (1) Mr. Ma is the spouse of Ms. Zhao. Mr. Ma and Ms. Zhao are accordingly deemed to be interested in the Shares beneficially owned by each other under the SFO.

- (2) The Unsubscribed Rights Shares and the NQS Unsold Rights Shares to be taken up by the Underwriter is subject to the Company satisfying the minimum Public Float Requirement under the Rule 11.23(7) of GEM Listing Rules upon the completion of the Rights Issue. The Underwriter will not take up all of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares if as a result of which the Company will fall below the minimum Public Float Requirement upon completion of the Rights Issue. Any of the Rights Shares which remain untaken by the Underwriter as a result of the maintenance of the minimum Public Float Requirement upon completion of the Rights Issue, will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. Under such scenario, the gross proceeds and net proceeds from the Rights Issue will also be reduced and the intended application of net proceeds on the general working capital of the Group as set out in the section headed “Reasons for and benefits of the Rights Issue and intended use of proceeds” in this announcement will be reduced accordingly.

FUND RAISING EXERCISE OF THE COMPANY IN THE PAST 12 MONTHS

The Company has not conducted any fund-raising activities involving issue of securities in the past 12 months immediately preceding the date of this announcement.

GEM LISTING RULES IMPLICATION

Rights Issue

As the Rights Issue, if proceeded with, will increase the issued share capital of the Company by more than 50%, the Rights Issue is subject to approval of the Independent Shareholders at the EGM by a resolution on which any controlling Shareholders and their respective associates or, where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company, and their respective associates shall abstain from voting in favour of the Rights Issue under Rule 10.29(1) of the GEM Listing Rules. Since there is no controlling shareholder, Mr. Ma and his respective associates shall abstain from voting in favour of the resolutions to approve the Rights Issue, the Placing Agreements, the Underwriting Agreement, the Special Deals and the transactions contemplated thereunder and Whitewash Waiver at the EGM. As at the date of this announcement, none of the Directors or chief executives of the Company had any interests in the Shares.

Underwriting Agreement

As at the date of this announcement, Mr. Ma as the Underwriter is beneficially interested in 200,730,224 Existing Shares, representing approximately 13.41% of the issued Existing Shares, and is a substantial Shareholder. As such, the Underwriter is a connected person of the Company under Chapter 20 of the GEM Listing Rules and the transactions contemplated under the Underwriting Agreement constitute connected transactions for the Company under the GEM Listing Rules and are subject to the reporting, announcement and Independent Shareholders’ approval requirements under Chapter 20 of the GEM Listing Rules.

TAKEOVERS CODE IMPLICATIONS AND APPLICATION FOR WHITEWASH WAIVER

As at the date of this announcement, Mr. Ma as the Underwriter and parties acting in concert with him or presumed to be acting in concert with him are in aggregate, interested in 223,239,024 Existing Shares as at the date of this announcement, representing approximately 14.91% of the issued Existing Shares.

Pursuant to the Underwriting Agreement, the Underwriter will underwrite up to 3,664,916,784 Rights Shares. If there had been no acceptance by the Qualifying Shareholders under the Rights Issue (other than the acceptance of Mr. Ma pursuant to the Irrevocable Undertakings) and no placement can be made under the Compensatory Arrangements, subject to the minimum Public Float Requirement under the GEM Listing Rules and upon completion of the Rights Issue, assuming that there is no change in the issued share capital of the Company other than the allotment and issue of the Rights Shares, Mr. Ma will be required to take up 2,995,199,712 Rights Shares. In such circumstances, Mr. Ma and parties acting in concert with him or presumed to be acting in concert with him, taken together, will in aggregate, hold 3,820,629,408 Shares, representing approximately 75.00% of the issued share capital of the Company as enlarged by the Rights Shares. The Unsubscribed Rights Shares and the NQS Unsold Rights Shares to be taken up by the Underwriter is subject to the Company satisfying the minimum Public Float Requirement under the Rule 11.23(7) of GEM Listing Rules upon the completion of the Rights Issue. The Underwriter will not take up all of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares if as a result of which the Company will fall below the minimum Public Float Requirement upon completion of the Rights Issue. Any of the Rights Shares which remain untaken by the Underwriter as a result of the maintenance of the minimum Public Float Requirement upon completion of the Rights Issue, will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

Accordingly, such increase of voting rights of the Company of Mr. Ma would therefore trigger an obligation of Mr. Ma and parties acting in concert with him or presumed to be acting in concert with him to make a mandatory general offer for all the issued Shares not already owned or agreed to be acquired by Mr. Ma and parties acting in concert with him or presumed to be acting in concert with him under Rule 26 of the Takeovers Code, unless the Whitewash Waiver is granted by the Executive.

An application will be made by Mr. Ma to the Executive for the Whitewash Waiver, in respect of the maximum of 3,664,916,784 Rights Shares to be underwritten by the Underwriter, pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, would be subject to, among others, (i) the approval by at least 75% of the Independent Shareholders at the EGM by way of poll in respect of the Whitewash Waiver; and (ii) the approval by more than 50% of the

Independent Shareholders at the EGM by way of poll in respect of the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Special Deals and the transactions contemplated thereunder.

As at the date of this announcement, the Company believes that the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Special Deals and the transactions contemplated thereunder and the Whitewash Waiver would not give rise to any concerns in relation to compliance with other applicable rules or regulations (including the GEM Listing Rules). If a concern should arise after the release of this announcement, the Company will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as possible but in any event before the despatch of the circular relating to, among others, the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Special Deals and the transactions contemplated thereunder, and the Whitewash Waiver. The Company notes that the Executive may not grant the Whitewash Waiver if the Rights Issue does not comply with other applicable rules and regulations.

As at the date of this announcement, save for the Irrevocable Undertakings, the Company has not received any other irrevocable commitments to accept or reject the Rights Shares or to vote for or against the Rights Issue, Placing Agreement, Underwriting Agreement, the Special Deals and/or the Whitewash Waiver.

Special Deals

As of the date of this announcement:

- (i) the 2017 CB Holder owns the 2017 CB with outstanding principal amount of HK\$30,095,357, and holds 13,333,332 Shares (representing approximately 0.89% of the total issued Shares of the Company); and
- (ii) Ms. Zhao, being the spouse of Mr. Ma (the Underwriter and a substantial of the Company) holds 22,508,800 Shares (representing approximately 1.50% of the total issued Shares of the Company) and the Company is indebted to Ms. Zhao a shareholder's loan amounted to approximately HK\$ 54.6 million.

Under the Takeovers Code, the use of the proceeds from the Rights Issue to repay the indebtedness owed to the aforementioned Shareholders would constitute a favourable condition not extended to all Shareholders and therefore special deals under Rule 25 of the Takeovers Code and requires the consent of the Executive. The Executive's consent, if granted, will be conditional upon (i) the Independent Financial Adviser to the Independent Board Committee publicly giving an opinion that the terms of the Special Deals are fair and reasonable; and (ii) the approval of the Independent Shareholders of the Special Deals at a shareholders' meeting by way of poll. The Company will seek the consent of the Executive to the Special Deals under Note 5 to Rule 25 of the Takeovers Code.

The Directors (excluding the independent non-executive Directors), the chief executive of the Company and their respective associates, the Underwriter, his associates and parties acting in concert with him; and any Shareholders who are involved in, or interested in, or have a material interest in the Rights Issue, the Irrevocable Undertaking, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder, the Special Deals and/or the Whitewash Waiver shall abstain from voting on the relevant resolution(s) at the EGM.

DEALINGS OF THE SHARES BY THE UNDERWRITER AND PARTIES ACTING IN CONCERT WITH IT

As at the date of this announcement, neither the Underwriter nor any parties acting in concert with him:

- (i) save for the Shares as set out in the section headed “Shareholding structure of the Company” in this announcement, owns, controls or has direction over any Shares and right over Shares, outstanding options, warrants, or any securities that are convertible into Shares or any derivatives in respect of securities in the Company, or hold any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (ii) has received any irrevocable commitment to vote for or against the Rights Issue and/or the Placing Agreement and/or the Underwriting Agreement and/or the Whitewash Waiver;
- (iii) has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (iv) save for the Underwriting Agreement and Irrevocable Undertakings given by Mr. Ma, details of which are set out in the section headed “Irrevocable Undertakings” of this announcement, there are no arrangements referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company, which might be material to the Rights Issue and/or the Underwriting Agreement and/or the Whitewash Waiver, with any other persons;
- (v) save that the Rights Issue and the Underwriting Agreement are conditional upon, among other things, obtaining of the Whitewash Waiver by Mr. Ma as set out in the sub-section headed “Conditions of the Rights Issue” under the section headed “THE UNDERWRITING AGREEMENT” of this announcement, has any agreement or arrangement to which it is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Rights Issue and/or the Underwriting Agreement and/or the Whitewash Waiver;

- (vi) has dealt in any relevant securities of the Company in the 6-month period preceding the date of this announcement; and
- (vii) has entered into any derivative in respect of the relevant securities in the Company which are outstanding.

As at the date of this announcement:

- (i) apart from the Rights Shares to be subscribed and underwritten by Mr. Ma and the Special Deals, Mr. Ma and parties acting in concert with him have not paid and will not pay any other consideration, compensation or benefit in whatever form to the Group in connection with the Rights Issue and the Underwriting Agreement, Placing Agreement, Irrevocable Undertaking, the Special Deals and Whitewash Waiver;
- (ii) apart from the Underwriting Agreement, the Irrevocable Undertakings, Placing Agreement, the Special Deals and Whitewash Waiver, there is no other understanding, arrangement or special deal between the Group on the one hand, and Mr. Ma and parties acting in concert with him on the other hand; and
- (iii) apart from the Special Deals, there is no understanding, arrangement or agreement or special deal between (a) any Shareholders (excluding Mr. Ma and parties acting in concert with him who are Shareholders), and (b) Mr. Ma and parties acting in concert with him, or the Company, its subsidiaries or associated companies.

EGM

The register of members of the Company will be closed from Monday, 6 December 2021 to Friday, 10 December 2021 (both days inclusive) for determining the identity of the Shareholders entitled to attend and vote at the EGM.

The EGM will be convened and held for the purpose of considering and, if thought fit (i) the Capital Reorganisation; (ii) the Rights Issue; (iii) the Placing Agreement; (iv) the Underwriting Agreement; (v) the Special Deals; and (vi) the Whitewash Waiver. Only the Independent Shareholders will be entitled to vote on the resolution(s) to approve the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Special Deals and the transactions contemplated thereunder and the Whitewash Waiver at the EGM.

In accordance with the GEM Listing Rules and the Takeovers Code, (i) Mr. Ma and its associates; (ii) any parties acting in concert with Mr. Ma; (iii) the Directors (excluding the independent non-executive Directors) and chief executive of the Company and their respective associates; and (iv) Shareholders who are involved in, or interested in, the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Special Deals or the Whitewash Waiver and the Irrevocable Undertakings, including but not limited to Mr. Ma and parties acting in concert with him, will be required to abstain from voting on the resolution(s) to approve the Rights Issue, the Placing Agreement, the Underwriting

Agreement, the Special Deals and the transactions contemplated thereunder and the Whitewash Waiver at the EGM. Save as disclosed, no other Shareholder is involved or interested in or has a material interest in the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Special Deals and the transactions contemplated thereunder and the Whitewash Waiver and the Irrevocable Undertakings and, hence, is required to abstain from voting on the resolution(s) in relation to the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Special Deals and the transactions contemplated thereunder and the Whitewash Waiver at the EGM.

ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising Mr. Guo Wei, Mr. Lam Albert Man Sum and Mr. Cheung Wai Hung, being all the independent non-executive Directors, has been established to advise the Independent Shareholders in respect of the Rights Issue, the Underwriting Agreement, the Special Deals and the transactions contemplated thereunder and the Whitewash Waiver, and as to the voting action therefor. Donvex Capital has been appointed as the independent financial adviser by the Company with the approval of the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in these regards.

DESPATCH OF CIRCULAR

Pursuant to Rule 8.2 of the Takeovers Code, a circular containing, among others, (i) further details of the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Special Deals and the Whitewash Waiver; (ii) a letter from the Independent Board Committee; (iii) a letter from the Independent Financial Adviser to the Independent Board Committee in respect of the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Special Deals and the transactions contemplated thereunder and the Whitewash Waiver; (iv) other information required under the GEM Listing Rules and the Takeovers Code; and (v) a notice convening the EGM, shall be despatched within 21 days of the date of this announcement. Having taken into account the estimated time required for the Company to compile the information required for the Circular, the Circular is expected to be despatched within 21 days of the date of this announcement.

Subject to, among other things, the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Special Deals and the transactions contemplated thereunder and the Whitewash Waiver having been approved by the Independent Shareholders at the EGM and upon the Capital Reorganisation becoming effective, the Prospectus Documents or the Prospectus, whichever being appropriate, will be despatched to the Qualifying Shareholders and, for information only, the Non-Qualifying Shareholders in due course.

WARNING OF THE RISKS OF DEALING IN THE SHARES

The Rights Issue will proceed on a partially underwritten basis. There are no requirements for minimum levels of subscription. Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among others, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the section headed “The Underwriting Agreement — Termination of the Underwriting Agreement” in this announcement). Accordingly, the Rights Issue may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“2017 CB”	The convertible bonds issued, pursuant to a subscription agreement dated 10 April 2017, by the Company on 17 July 2017 with outstanding principal amount of HK\$30,095,357 which are convertible into 100,317,856 Existing Shares at the conversion price of HK\$0.3 per Existing Share
“2017 CB Holder”	Mr. Leung Heung Ying
“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“Adjusted Share(s)”	the ordinary share(s) of HK\$0.001 each in the share capital of the Company immediately upon the Capital Reorganisation becoming effective
“associates”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day(s) (excluding Saturday, Sunday and any day on which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business

“Capital Reduction”	the reduction of the issued share capital of the Company by reducing the par value of each issued Existing Share from HK\$0.06 to HK\$0.001 by cancelling the paid up share capital to the extent of HK\$0.059 per issued Existing Share
“Capital Reorganisation”	the proposed reorganisation of the share capital of the Company involving the Capital Reduction and Share Sub-division
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Change in Board Lot Size”	the proposed change in board lot size of the Shares for trading on the Stock Exchange from 24,000 Existing Shares to 96,000 Adjusted Shares
“Companies Law”	the Companies Act, Cap. 22 (Law 3 of 1961), of the Cayman Islands as consolidated and revised
“Company”	Grand T G Gold Holdings Limited (大唐滙金控股有限公司*), a company incorporated in the Cayman Islands with limited liability and whose shares are listed on GEM
“Compensatory Arrangements”	placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Placing Agent on a best effort basis pursuant to the Placing Agreement in accordance with Rule 10.31(1)(b) of the GEM Listing Rules
“connected person”	has the meaning ascribed to it under the GEM Listing Rules
“Court”	the Grand Court of the Cayman Islands
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held to consider and, if thought fit, approve (i) the Capital Reorganisation; (ii) the Rights Issue; (iii) the Placing Agreement; (iv) the Underwriting Agreement; (v) the Special Deals; and (vi) the Whitewash Waiver
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegate(s)

“Existing Share(s)”	the ordinary share(s) of HK\$0.06 each in the existing issued share capital of the Company, before the Capital Reorganisation becomes effective
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“HKSCC”	the Hong Kong Securities Clearing Company Limited
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors
“Independent Shareholders”	Shareholder(s) excluding Mr. Ma and parties acting in concert with him or presumed to be acting in concert with him and those who are involved in and interested in the Rights Issue, Irrevocable Undertakings, Underwriting Agreement, Placing Agreement, Special Deals and Whitewash Waiver and other than those that are required under the GEM Listing Rules and the Takeovers Code to abstain from voting on the resolution(s) to be proposed at the EGM
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and the connected persons of the Company in accordance with the GEM Listing Rules
“Irrevocable Undertakings”	the irrevocable undertakings given by each of Mr. Ma in favour of the Company, the details of which are set out in the section headed “Proposed Rights Issue — Irrevocable Undertakings” in this announcement

“Latest Placing Date”	8 February 2022 or such later date as the Company and the Placing Agent may agree in writing, being the latest date for the Placing Agent to place the Unsubscribed Rights Shares and/or the NQS Unsold Rights Shares
“Latest Placing Time”	4:00 p.m. on the Latest Placing Date
“Last Trading Day”	1 November 2021, being the last full trading day of the Existing Shares on the Stock Exchange prior to the release of this announcement
“Latest Time for Acceptance”	4:00 p.m. on 28 January 2022 or such later time and/or date as may be agreed between the Underwriter and the Company, being the latest time for acceptance of, and payment for, the Rights Shares as described in the Prospectus Documents
“Latest Time for Termination”	4:00 p.m. on the first Business Day after the Latest Time for Acceptance, being the latest time to terminate the Underwriting Agreement
“Mr. Ma” or “Underwriter”	Mr. Ma Qianzhou (馬乾洲), a substantial Shareholder of the Company who is beneficially interested in 13.41% of the issued Shares as at the date of this announcement and the underwriter pursuant to the Underwriting Agreement in respect of the Rights Issue
“Ms. Zhao”	Ms. Zhao Yuebing, the spouse of Mr, Ma and owns 1.50% of the issued Shares as at the date of this announcement
“No Action Shareholders”	Qualifying Shareholders who do not subscribe for the Rights Shares (whether partially or fully) under the PALs or their renounees, or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed (including the Non-Qualifying Shareholders in respect of NQS Unsold Rights Shares)
“Non-Qualifying Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, based on legal opinions provided by the Company’s legal advisers, consider it necessary or expedient not to offer the Rights Shares to such Shareholders on account either of restrictions under the laws of the relevant place or the requirements of a relevant regulatory body or stock exchange in that place

“NQS Unsold Rights Share(s)”	the Rights Share(s) which would otherwise has/have been provisionally allotted to the Non-Qualifying Shareholder(s) in nil-paid form that has/have not been sold by the Company
“Overseas Shareholder(s)”	Shareholders with registered addresses (as shown in the register of members of the Company on the Record Date) which are outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) in respect of the Rights Issue proposed to be issued to the Qualifying Shareholders
“Placee(s)”	any individuals, corporate, institutional investor(s) or other investor(s), who and whose ultimate beneficial owner(s) shall be the Independent Third Party(ies), procured by the Placing Agent and/or its sub-placing agent(s), who and whose ultimate beneficial owners shall be the Independent Third Party(ies), to subscribe for any of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares pursuant to the Placing Agreement
“Placing”	the offer by way of private placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Placing Agent and/or its subplacing agents(s), who and whose ultimate beneficial owners shall be the Independent Third Party(ies), to the Placee(s) during the Placing Period on the terms and subject to the conditions set out in the Placing Agreement
“Placing Agent”	Cinda International Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the placing agent appointed by the Company to place any Unsubscribed Rights Shares and the NQS Unsold Rights Shares under the Compensatory Arrangements in accordance with Rule 10.31(1)(b) of the GEM Listing Rules
“Placing Agreement”	the placing agreement dated 2 November 2021 and entered into between the Company and the Placing Agent in relation to the placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to the Placee(s) on a best effort basis

“Placing Completion Date”	8 February 2022 or such other date as the Company and the Placing Agent may agree in writing, being the date of completion of the Placing
“Placing Period”	a period commencing from the second Business Day after the Latest Time for Acceptance, which is expected to be 4 February 2022, and ending at the Latest Placing Time
“PRC”	the People’s Republic of China excluding Hong Kong, the Macao Special Administrative Region and Taiwan for the purpose of this announcement
“Prospectus”	the prospectus to be despatched to the Shareholders by the Company containing details of the proposed Rights Issue
“Prospectus Documents”	the Prospectus and the PAL
“Prospectus Posting Date”	14 January 2022, or such other day as may be agreed between the Company and the Underwriter for the despatch of the Prospectus Documents
“Public Float Requirement”	the public float requirement under Rule 11.23(7) of the GEM Listing Rules
“Qualifying Shareholder(s)”	Shareholder(s) who(se) name(s) appear(s) on the register of members of the Company on the Record Date, other than the Non-Qualifying Shareholder(s)
“Record Date”	13 January 2022 or such other date as may be agreed between the Company and the Underwriter in writing for the determination of the entitlements under the Rights Issue
“Registrar”	the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Rights Issue”	the proposed issue by way of rights on the basis of three (3) Rights Shares for every one (1) Adjusted Share held by the Qualifying Shareholders on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents

“Rights Share(s)”	up to 4,490,346,480 Shares proposed to be allotted and issued by the Company for subscription pursuant to the Rights Issue
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary shares of the Company
“Special Deals”	the use of the proceeds from the Rights Issue for redemption of the 2017 CB where the 2017 CB Holder is a Shareholder and the repayment of certain Shareholders loan, which constitute special deals under Rule 25 of the Takeovers Code
“US\$”	United states dollars, the lawful currency of the United States of America
“Donvex Capital” or “Independent Financial Adviser”	Donvex Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activities under the SFO and the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue, the Underwriting Agreement, the Special Deals and the transactions contemplated thereunder and the Whitewash Waiver
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	the holder(s) of the Share(s)
“Share Sub-division”	the proposed sub-division of authorised but unissued shares of the Company of HK\$0.06 par value each into sixty (60) authorised but unissued Adjusted Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.035 per Rights Share
“substantial Shareholder”	has the meaning ascribed to it under the GEM Listing Rules
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs of Hong Kong

“Underwriting Agreement”	the underwriting agreement dated 2 November 2021 and entered into between the Company and the Underwriter in relation to the underwriting arrangement in respect of the Rights Issue
“Underwritten Share(s)”	up to 3,664,916,784 Rights Shares to be underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement
“Unsubscribed Rights Shares”	Rights Shares that are not subscribed by the Qualifying Shareholders
“Whitewash Waiver”	a waiver to be granted by the Executive pursuant to Note 1 of the Notes on dispensations from Rule 26 of the Takeovers Code to waive the obligation of the Underwriter to make a mandatory general offer to the Shareholders in respect of the Shares not already owned or agreed to be acquired by the Underwriter, and parties acting in concert with him as a result of the subscription of the Underwritten Shares by the Underwriter pursuant to the Underwriting Agreement
“%”	per cent.

By Order of the Board
Grand T G Gold Holdings Limited
Li Dahong
Chairman

Hong Kong, 2 November 2021

As at the date of this announcement, the Board comprises of Dr. Li Dahong (executive Director), Ms. Ma Xiaona (executive Director), Mr. Guo Wei (independent nonexecutive Director), Mr. Lam Albert Man Sum (independent non-executive Director) and Mr. Cheung Wai Hung (independent non-executive Director).

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange 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 announcement 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 announcement misleading.

All Directors jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

This announcement will remain on the “Latest Listed Company Informations” page of the GEM website at www.hkgem.com for at least seven days from the date of its publication and on the websites of the Company at <http://www.grandtg.com>.

** For identification purposes only*