

THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this Prospectus or as to the action to be taken, you should consult your licensed securities dealer or other registered institution in securities, bank manager, solicitors, professional accountant or other professional adviser. If you have sold or transferred all your shares in Grand T G Gold Holdings Limited, you should at once hand the Prospectus Documents to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

Hong Kong Exchanges and Clearing Limited, the Stock Exchange and HKSCC take no responsibility for the contents of this Prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of the Prospectus Documents.

A copy of the Prospectus Documents, together with copies of the documents specified in the paragraph headed "15. Documents delivered to the Registrar of Companies" in Appendix III to this Prospectus, has been registered with the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Registrar of Companies in Hong Kong, the Stock Exchange and the SFC take no responsibility for the contents of any of these documents. You should read the whole of the Prospectus Documents including the discussions of certain risks and other factors as set out in the paragraph headed "Warning of the Risks of Dealing in the Shares and Nil-paid Rights Shares" in the "Letter from the Board" in this Prospectus.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both 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 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 respective commencement dates of dealings in the Rights Shares in their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC and you should consult your stockbroker or other licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests. 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.

This Prospectus appears for information purposes only and does not constitute an invitation or offer to the Shareholders or any other persons to acquire, purchase, or subscribe for securities of the Company.

The securities described in this Prospectus have not been registered under the US Securities Act or the laws of any state in the United States, and may not be offered or sold within the United States, absent registration or an exemption from the registration requirements of the US Securities Act and applicable state laws. There is no intention to register any portion of the Rights Shares or any securities described in this Prospectus in the United States or to conduct a public offering of securities in the United States.

Distribution of this Prospectus into jurisdictions other than Hong Kong may be restricted by law. Persons (including, without limitation, Shareholders and beneficial owners, agents, custodians, nominees and trustees) into whose possession this Prospectus comes should inform themselves of and observe any such restrictions. This Prospectus is not for release, publication or distribution, directly or indirectly, in or into the United States. This Prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, the nil paid Rights Shares or Rights Shares or to take up any entitlements to the nil paid Rights Shares or Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful.



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)

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

Capitalised terms used in this cover shall have the same meanings as defined in this Prospectus.

It should be noted that the Shares have been dealt in on an ex-rights basis from Monday, 11 April 2022. Dealings in the Rights Shares in the nil-paid form will take place from Monday, 25 April 2022 to Tuesday, 3 May 2022 (both days inclusive). If the conditions of the Rights Issue are not fulfilled or the Underwriting Agreement is terminated by the Underwriter, the Rights Issue will not proceed. Any person contemplating dealing in the nil-paid Rights Shares during the period from Monday, 25 April 2022 to Tuesday, 3 May 2022 (both days inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional and/or may not proceed. The latest time for acceptance of and payment for the Rights Shares is at 4:00 p.m. on Friday, 6 May 2022. The procedures for application and payment for the Rights Shares are set out on pages 20 to 22 of this Prospectus. Any person contemplating dealing in the Shares and/or the Rights Shares in their nil-paid form are recommended to consult his/her/its/their own professional advisers.

The Rights Issue will proceed on fully underwritten basis. It should be noted that the Underwriting Agreement contains provisions granting the Underwriter the right to terminate the obligations of the Underwriter thereunder on the occurrence of certain events including force majeure. These certain events are set out in the paragraph headed "Termination of the Underwriting Agreement" on pages 4 to 5 of this Prospectus. 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. If the Underwriting Agreement is terminated by the Underwriter or does not become unconditional, the Rights Issue will not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

* For identification purpose only

21 April 2022

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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EXPECTED TIMETABLE

EXPECTED TIMETABLE

Set out below is the expected timetable for the Rights Issue 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
Despatch of Prospectus Documents (in the case of Non-Qualifying Shareholders, the Prospectus only)	Thursday, 21 April 2022
First day of dealing in nil-paid Rights Shares in the board lot of size of 96,000 Shares	9:00 a.m. on Monday, 25 April 2022
Latest time for splitting of the PAL	4:30 p.m. on Wednesday, 27 April 2022
Last day of dealing in nil-paid Rights Shares in the board lot of size of 96,000 Shares	4:00 p.m. on Tuesday, 3 May 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, 6 May 2022
Latest Time for Acceptance of and payment for the Rights Shares	4:00 p.m. on Friday, 6 May 2022
Latest Time for Termination of the Underwriting Agreement and for the Rights Issue to become unconditional (if applicable).	4:00 p.m. on Tuesday, 10 May 2022
Announcement of the number of Unsubscribed Rights Shares subject to the Compensatory Arrangements and the NQS Unsold Rights Shares	Tuesday, 10 May 2022
Commencement of placing of Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Placing Agent	Wednesday, 11 May 2022

EXPECTED TIMETABLE

Latest time of placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Placing Agent	Friday, 13 May 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).....	Tuesday, 17 May 2022
Despatch of certificates for fully-paid Rights Shares and completion of Placing to take place	Wednesday, 18 May 2022
Refund cheques, if any, to be despatched (if the Rights Issue is terminated) on or before	Wednesday, 18 May 2022
Expected first day of dealings in fully-paid Rights Shares.....	Thursday, 19 May 2022
Payment of Net Gain to relevant No Action Shareholders (if any)	Tuesday, 7 June 2022
Last day of free exchange of existing certificates for Shares for new certificates for the Shares.....	4:30 p.m. on Tuesday, 21 June 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 Prospectus 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, 6 May 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

EXPECTED TIMETABLE

- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Friday, 6 May 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.

Dates or deadlines stated in this Prospectus for events in the timetable are indicative only and may be extended or varied between the Company and the Underwriter. Any changes to the anticipated timetable for the Rights Issue will be announced as and when appropriate.

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

TERMINATION OF THE UNDERWRITING AGREEMENT

- (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 this Prospectus and not having been disclosed in this 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 the 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 Rights Issue will not proceed.

DEFINITIONS

In this Prospectus, the following expressions have the meanings set out below unless the context requires otherwise:

“2017 CB”	The convertible bonds issued, pursuant to a subscription agreement dated 10 April 2017, by the Company on 17 July 2017 with principal amount of HK\$30,095,357 which are convertible into 100,317,856 Shares at the conversion price of HK\$0.3 per Share
“2017 CB Holder”	Mr. Leung Heung Ying
“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“Announcement”	the announcement of the Company dated 2 November 2021 in relation to, among other things, the Capital Reorganisation, change in board lot size, the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Special Deals and the Whitewash Waiver
“associates”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	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, which became effective on Friday, 8 April 2022
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC

DEFINITIONS

“Change in Board Lot Size”	the change in board lot size of the Shares for trading on the Stock Exchange from 24,000 Shares to 96,000 Shares
“Circular”	the circular of the Company dated 26 January 2022 in relation to, among other things, the Capital Reorganisation, the Change in Board Lot Size, the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Special Deals and the Whitewash Waiver
“Companies Act”	the Companies Act, Cap. 22 (Act 3 of 1961), of the Cayman Islands as consolidated and revised
“Company”	Grand T G Gold Holdings Limited (大唐潼金控股有限公司*), a company incorporated in the Cayman Islands with limited liability on 12 March 2003, the issued shares of which are listed on GEM
“Compensatory Arrangement”	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 adjourned extraordinary general meeting of the Company convened and held on Monday, 28 February 2022 at which, among other things, (i) the Capital Reorganisation; (ii) the Rights Issue; (iii) the Placing Agreement; (iv) the Underwriting Agreement; (v) the Special Deals; and (vi) Whitewash Waiver were approved by the Shareholders or the Independent Shareholders (as the case may be)
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegate(s)
“GEM”	GEM operated by the Stock Exchange

DEFINITIONS

“GEM Listing Committee”	has the meaning ascribed to it in the GEM Listing Rules
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	the lawful currency of Hong Kong
“HKSCC”	the Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Shareholders”	Shareholder(s) excluding (i) Mr. Ma and parties acting in concert with him or presumed to be acting in concert with him, (ii) those who are involved in and interested in the Rights Issue, Irrevocable Undertakings, Underwriting Agreement, Placing Agreement, Special Deals and Whitewash Waiver and (iii) other than those that are required under the GEM Listing Rules and the Takeovers Code to abstain from voting on the resolution(s) 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 “Rights Issue — Irrevocable Undertakings” in this Prospectus
“Latest Placing Date”	13 May 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
“Latest Practicable Date”	13 April 2022, being the latest practicable date prior to the printing of this Prospectus for ascertaining certain information in this Prospectus

DEFINITIONS

“Last Trading Day”	2 November 2021, being the last full trading day of the Existing Shares on the Stock Exchange prior to the release of the Announcement
“Latest Time for Acceptance”	4:00 p.m. on 6 May 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
“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 Latest Practicable Date and the underwriter pursuant to the Underwriting Agreement in respect of the Rights Issue
“Ms. Zhao”	Ms. Zhao Yuebing, the spouse of Mr. Ma who owns 1.50% of the issued Shares as at the Latest Practicable Date
“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

DEFINITIONS

“PAL(s)”	the provisional allotment letter(s) in respect of the Rights Issue proposed 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”	18 May 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 6 May 2022, and ending at the Latest Placing Time

DEFINITIONS

“PRC”	the People’s Republic of China excluding Hong Kong, the Macao Special Administrative Region and Taiwan for the purpose of this Prospectus
“Prospectus”	this Prospectus in connection with the Rights Issue
“Prospectus Documents”	the Prospectus and the PAL
“Prospectus Posting Date”	Thursday, 21 April 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) whose name(s) appear on the register of members of the Company on the Record Date, other than the Non-Qualifying Shareholder(s)
“Record Date”	Wednesday, 20 April 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
“Relevant Period”	the period of six months preceding the date of the Announcement and ending on the Latest Practicable Date
“Rights Issue”	the proposed issue by way of rights on the basis of three (3) Rights Shares for every one (1) 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

DEFINITIONS

“SFC”	The Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Share(s)”	ordinary shares of the Company
“Shareholder(s)”	holder(s) of issued Share(s)
“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
“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
“Taizhou Mining”	潼關縣太洲礦業有限責任公司 (Tongguan Taizhou Mining Company Limited*), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company
“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

DEFINITIONS

“Whitewash Waiver”	a waiver conditionally granted by the Executive on 24 February 2022 pursuant to Note 1 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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent

* *For identification purposes only*

LETTER FROM THE BOARD



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)

Executive Directors:

Dr. Li Dahong (*Chairman*)

Ms. Ma Xiaona

Independent non-executive Directors:

Mr. Guo Wei

Mr. Lam Albert Man Sum

Mr. Cheung Wai Hung

Registered office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Head office and principal place of
business in Hong Kong:*

Room A-B, 8th Floor

Centre Mark II

305-313 Queen's Road Central

Sheung Wan, Hong Kong

21 April 2022

*To the Qualifying Shareholders and, for information only,
the Non-Qualifying Shareholders,*

Dear Sir or Madam,

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

INTRODUCTION

Reference is made to the Announcement and the Circular in relation to, among other things, the Capital Reorganisation, the Change in Board Lot Size, the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Special Deals and the Whitewash Waiver, and the announcement of the Company dated 8 April 2022 in relation to the effective date of Capital Reorganisation.

At the EGM held on 28 February 2022, the resolutions in respect of the Capital Reorganisation, the Whitewash Waiver, the Rights Issue, the Placing Agreement, the Underwriting Agreement and the Special Deals were duly passed by the Independent Shareholders by way of poll.

* *For identification purpose only*

LETTER FROM THE BOARD

Mr. Ma, Ms. Zhao and the 2017 CB Holder were required to and did abstain from voting on the above mentioned resolutions at the EGM. The Capital Reorganisation became effective on Friday, 8 April 2022.

The Rights Issue is subject to, among other things, the Underwriting Agreement becoming unconditional and not being terminated on the occurrence of certain events as set out in the section headed “Termination of the Underwriting Agreement” in this Prospectus.

The purpose of this Prospectus is to provide you with further information regarding details of the Rights Issue and certain information in respect of the Group.

RIGHTS ISSUE

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

Issue statistics

Basis of the Rights Issue	:	three (3) Rights Shares for every one (1) Share held on the Record Date
Subscription Price	:	HK\$0.035 per Rights Share
Number of Shares in issue at the Latest Practicable Date	:	1,496,782,160 Shares
Number of Rights Shares	:	(Assuming there is 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 Shares as at the Latest Practicable Date and 75% of the enlarged issued share capital of the Company upon completion of the Rights Issue;

LETTER FROM THE BOARD

Gross proceeds and net proceeds : Assuming there is no change in the issued share capital of the Company on or before the Record Date, and that 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 Latest Practicable Date, there are outstanding convertible bonds being the 2017 CB with principal amount of HK\$30,095,357 which are convertible into 100,317,856 Shares. As at the Latest Practicable Date, 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 net proceeds from the Rights Issue in an 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 before the Company can apply any amount of the net proceeds from the Rights Issue for other purposes. 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.

As the Underwriting Agreement was entered into after trading hours on 2 November 2021, the Last Trading Day shall fall on 2 November 2021. The Subscription Price represents:

- (i) a discount of approximately 14.63% to the closing price of HK\$0.041 per 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\$0.041 per Share as quoted on the Stock Exchange on the Last Trading Day;

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- (iii) a discount of approximately 14.63% to the average closing prices of HK\$0.041 per 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 Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day;
- (v) a discount of approximately 2.78% to the closing price of HK\$0.036 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (vi) no discount to the theoretical ex-rights price of HK\$0.035 per Share as adjusted for the effect of the Rights Issue, based on the closing price of HK\$0.036 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (vii) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) represented by a discount of approximately 9.76%, represented by the theoretical diluted price of approximately HK\$0.037 per Share to the benchmarked price of approximately HK\$0.041 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\$0.041 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.041 per Share);
- (viii) a discount of approximately 79.04% to the unaudited consolidated net asset value per Share of approximately HK\$0.167 (based on the latest published unaudited consolidated net asset value of the Group attributable to the Shareholders of approximately HK\$250.6 million and 1,496,782,160 Shares in issue as at 30 September 2021); and
- (ix) 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 unaudited consolidated net asset value per Share of approximately HK\$0.167 (based on the latest published unaudited consolidated net asset value of the Group attributable to the Shareholders of approximately HK\$250.6 million and 1,496,782,160 Shares in issue as at 30 September 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 Rights Issue as discussed in the section headed "Reasons for and benefits of the Rights Issue and intended use of proceeds" in the letter from the Board in this Prospectus.

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Even though the Subscription Price represented a discount to the net asset value per Share, the latest unaudited financial results of the Group made up to 30 September 2021 disclosed that the main assets of the Group comprised of property, plant and equipment of approximately HK\$745.3 million which were not immediately marketable in nature. As at 30 September 2021, the cash and cash equivalents of the Group amounted to approximately HK\$10.1 million, and the current liabilities amounted to approximately HK\$220.8 million. In view of the financial position of the Group, the Board is of the view that there is an imminent need of funding.

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 the letter from the Board in this Prospectus, the Directors (including the independent non-executive Directors) consider that, the terms of the 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.

The Company has despatched the Prospectus Documents to the Qualifying Shareholders on the Prospectus Posting Date and despatched 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 had made 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 because either 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.

Based on the register of members of the Company, as at the Latest Practicable Date, there were 1 Overseas Shareholder situated in the United Kingdom holding 1,100,000 Shares, 1 Overseas Shareholder situated in the United States of America holding 2,400 Shares, 1 Overseas Shareholder situated in the PRC holding an aggregate of 447,733 Shares, 1 Overseas

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Shareholder situated in the British Virgin Islands holding 10,667,200 Shares and 1 Overseas Shareholder situated in the Republic of Seychelles holding 86,244,800 Shares. Based on the legal advice from each of the legal advisers of the Company as to the laws of the PRC, the United Kingdom, the British Virgins Islands and the Republic of Seychelles, the Directors are of the view that, the relevant overseas legal restrictions and requirements of the relevant regulatory body or Stock Exchange do not make it necessary or expedient to exclude the Overseas Shareholders with registered addresses in the PRC, the United Kingdom, the British Virgins Islands and the Republic of Seychelles from the Rights Issue. Accordingly, the Rights Issue will be extended to the Overseas Shareholders in those jurisdictions.

Based on the legal advice provided by the legal advisers on the laws of the U.S., the Rights Issue cannot be extended to Shareholders in the U.S. without registering the Rights Shares with the Securities and Exchange Commission of the U.S. (the “**U.S. Commission**”) and complying with the review, registration and disclosure obligations and requirements under the U.S. Securities Act of 1993 and with the U.S. Commission. As such, the extension of the Rights Issue to the Overseas Shareholders with registered addresses in the U.S. would, in the absence of compliance with relevant registration requirements for the Prospectus Documents and/or regulatory or filing requirements and/or other formalities in the U.S., be unlawful or impracticable. In view of (a) the legal restrictions and the requirements in the U.S.; and (b) the time and costs involved in complying with the legal restrictions and regulatory requirements if the Rights Issue were to be extended to the Overseas Shareholders in the U.S., the Board considers that the extension of the Rights Issue to the Overseas Shareholders with registered addresses in the U.S. would outweigh the possible benefits to the Overseas Shareholders and the Company. As such, the Board considers that it would be necessary and expedient to exclude the Overseas Shareholders with registered addresses in the U.S. from the Rights Issue and accordingly the Overseas Shareholders with registered addresses in the U.S. will be regarded as Non-Qualifying Shareholders in relation to the Rights Issue. Accordingly, no Rights Shares (whether in nil-paid or fully-paid form) will be offered to such Overseas Shareholder(s) in the U.S..

The Company will continue to ascertain whether there are any other Overseas Shareholders as at the Record Date and will, if necessary, make further enquiries with legal advisers in other overseas jurisdictions regarding the feasibility of extending the Rights Issue to such Overseas Shareholders as at the Record Date. 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 dealings 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

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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, that is the NQS Unsold 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 Unsold 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.

Procedures for acceptance of and payment and/or transfer of the Right Shares

Qualifying Shareholders will find enclosed with this Prospectus a PAL which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of Rights Shares shown therein. If the Qualifying Shareholders wish to accept all the Rights Shares provisionally allotted to them as specified in the PALs, they must lodge the PALs in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong by no later than 4:00 p.m. on Friday, 6 May 2022. All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by cashier’s orders which must be issued by, a licensed bank in Hong Kong and made payable to “TRICOR TRUST (HONG KONG) LIMITED — A/C NO. 019” and crossed “Account Payee Only”.

It should be noted that unless the PAL, together with the appropriate remittance, have been lodged with the Registrar by not later than 4:00 p.m. on Friday, 6 May 2022, whether by the original allottee or any person in whose favour the rights have been validly transferred, that provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled. The Company may, at its sole absolute discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions. The Company may require the relevant person(s) to complete the incomplete PAL at a later stage.

If the Qualifying Shareholders wish to accept only part of their provisional allotment or transfer part of their rights to subscribe for the Rights Shares provisionally allotted to them under the PAL or to transfer part or all of their rights to more than one person, the entire PAL must be surrendered and lodged for cancellation by no later than 4:30 p.m. on Wednesday, 27 April 2022 to the Registrar, who will cancel the original PAL and issue new PALs in the denominations required which will be available for collection from the Registrar at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong after 9:00 a.m. on the second Business

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Day following the surrender of the original PAL. This process is commonly referred to as “splitting” of nil-paid Rights Shares. It should be noted that stamp duty is payable in connection with a transfer of rights to subscribe for the Rights Shares.

The Company reserves the right to refuse to register any transfer in favour of any person in respect of which the Company believes such transfer may violate applicable legal or regulatory requirements.

The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders. All cheques or cashier’s orders accompanying completed PALs will be presented for payment immediately following receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of the PAL with a cheque or a cashier’s order will constitute a warranty by such person that the cheque or the cashier’s order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the cheque or cashier’s order is dishonoured on first presentation, and in that event the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled. No receipt will be given in respect of any application monies received.

If any of the conditions of the Rights Issue as set out in the paragraph headed “Conditions of the Rights Issue” below is not fulfilled by the Latest Time for Acceptance, the remittance received in respect of acceptances of the Rights Shares will be returned to the Qualifying Shareholders or such other persons to whom the Rights Shares in the nil-paid form have been validly transferred or, in the case of joint acceptances, to the first-named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders or such other persons to their registered addresses by the Registrar on or before Wednesday, 18 May 2022.

Taxation

Qualifying Shareholders are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of holding or dealing in the Rights Shares. It is emphasised that none of the Company, its Directors or any other parties involved in the Rights Issue accept responsibility for any tax effects or liability of holders of the Rights Shares resulting from holding or disposal of, or dealing in of the Right Shares.

Basis of provisional allotment

The basis of the provisional allotment shall be three (3) Rights Shares for every one (1) 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.

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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) 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 18 May 2022.

If the Underwriting Agreement is terminated or not becoming unconditional, refund cheques will be despatched on 18 May 2022 by ordinary post, at the respective Shareholders' own risk, to their registered addresses.

Application for listing of the Rights Shares

The Company has applied 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. Shareholders should seek advice from their stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests.

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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 Latest Practicable Date, Mr. Ma, a substantial Shareholder, owns an aggregate of 200,730,224 Shares, representing approximately 13.41% of the issued 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 Irrevocable Undertakings shall automatically lapse and be of no further force and effect in the event the Underwriting Agreement is terminated in accordance with its terms at or before the Latest Time for Termination or upon completion of the Rights Issue. Other than the above, the Irrevocable Undertakings will not cease to be binding.

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 holding an aggregate of 200,730,224 Shares, representing approximately 13.41% of the issued 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 placees 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 placees 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

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those No Action Shareholders. The Placing Agent will, on a best effort basis, procure, by not later than 4:00 p.m. on Friday, 13 May 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, Placees 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.

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- 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, which has already been paid (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 may be) 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 18 May 2022 or such other date as the Company and the Placing Agent may agree in writing.

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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

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- (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 200,730,224 Shares, representing approximately 13.41% of the issued Shares as at the Latest Practicable Date

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Number of Rights Shares underwritten by the Underwriter : The Rights Issue will be fully underwritten by the Underwriter and up to 3,664,916,784 Rights Shares being the maximum number of Rights Shares issuable (assuming there is no further issue of new Shares or repurchase of Shares on or before the Record Date and excluding the 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.

Assuming the Underwriter takes up the maximum amount of 3,664,916,784 Underwritten Shares, the Underwriter will hold 4,467,837,860 Shares upon completion of the Rights Issue, representing approximately 74.62% of the total issued share capital of the Company as enlarged by the Rights Shares (i.e. 5,987,128,640 Shares, assuming no change in the issued share capital of the Company on or before the Record Date).

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In the event that there is 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 not placed to any Places and to be taken up by the Underwriter, 892,956,096 Rights Shares will not be issued for the purpose of maintenance of the minimum Public Float Requirement upon completion of the Rights Issue. As such the size of the Rights Issue shall be reduced to 3,597,390,384 Rights Shares and the maximum number of Rights Shares issuable and to be underwritten by the Underwriter shall be 2,995,199,712 Rights Shares. Under such scenario, the Underwriter will hold 3,798,120,608 Shares upon completion of the Rights Issue, representing approximately 74.56% of the total issued share capital of the Company as enlarged by the Rights Shares (that is, 5,094,172,544 Shares, assuming no change in the issued share capital of the Company on or before the Record Date). For further illustration on effect of the Rights Issue on the shareholding structure of the Company, please refer to the section headed "Shareholding Structure of the Company" in this Prospectus.

If upon completion of the Rights Issue and Compensatory Arrangements and after discharging the underwriting obligations in accordance with the Underwriting Agreement, the Underwriter and/or parties acting in concert with it in aggregate, hold more than 50% of the Company's voting rights, the Underwriter may thereafter increase its holding without incurring any further obligation under Rule 26 of the Takeovers Code to make a general offer for Shares.

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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. As such, 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 paragraph headed “Reasons for and benefits of the Rights Issue and intended use of proceeds” in the section headed “Letter from the Board” in this Prospectus 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 him as substantial Shareholder to the Group and his confidence in the development of the Group. It is the intention of the Underwriter to continue the existing business of the Group and the continued employment of the employees of the Group, the Underwriter has no intention to introduce any major changes to the existing operation and business of the Company or redeployment of any of the fixed assets of the Group.

Having considered the above, the Directors (including the independent non-executive Director(s)) 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.

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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;

LETTER FROM THE BOARD

- (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.

As at the Latest Practicable Date, other than the conditions (i), (ii), (iii), (viii) and (ix) above had been fulfilled and, conditions (v) and (vi) above are expected to have been fulfilled on the Prospectus Posting Date. All the other conditions remain unfulfilled.

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

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- (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

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- (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 the 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 above referred 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 Rights Issue will not proceed.

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, the Company will arrange the odd lots matching services, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Rights Shares to make up a full board lot, or to dispose of their holdings of odd lots of the Rights Shares. The Company has appointed Cinda International Securities Limited as an agent to provide matching services, on a best effort basis, to the Shareholders who wish to top up or sell their holdings of odd lots of the Shares during the period from 9:00 a.m. on Thursday, 19 May 2022 to 4:00 p.m. on Friday, 10 June 2022 (both dates inclusive). Holders of the Shares in odd lots represented by the existing share certificates for the Shares who wish to take advantage of this facility either to dispose of their odd lots of the Shares or to top up their odd lots to a full new board lot may directly or through their broker contact Mr. Leung Siu Wa at 45/F, COSCO Tower, 183 Queen's Road Central, Hong Kong (telephone number: (852) 2235 7801) during such period. 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.

LETTER FROM THE BOARD

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 main product in Shaanxi province of the PRC.

The gross proceeds from the Rights Issue are expected to be up to approximately HK\$157.2 million (assuming there is no further issue of new Shares or repurchase of Shares no 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 there is 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 Rights Issue in the following manner: (i) firstly apply approximately HK\$30.1 million for redemption of the 2017 CB issued by the Company, 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 Latest Practicable Date; (ii) approximately HK\$55.5 million for repayment of loans from Ms. Zhao, a Shareholder; (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 those bondholder and lenders are not a Shareholder; and (iv) approximately HK\$25.6 million as the general working capital of the Group.

The expected timeline of the use of proceeds from the Rights Issue is set out in the table below:

Intended usage	Amount of proceeds (approximate)	Expected timeline
redemption of the 2017 CB	HK\$30.1 million	Upon completion of the Rights Issue
loans from Ms. Zhao	HK\$55.5 million	Upon completion of the Rights Issue
repayment of other indebtedness of the Group ^(Note 1)	HK\$38.5 million	By the end of 2022
general working capital of the Group ^(Note 2)	HK\$25.6 million	Within 18 months upon completion of the Rights Issue
Total	<u>HK\$149.7 million</u> ^(Note 2)	

LETTER FROM THE BOARD

Note:

- (1) other indebtedness of the Group consists of bonds with outstanding principal of HK\$12.9 million, interest-bearing borrowings of HK\$9.9 million, other payables of HK\$8.8 million and accruals of HK\$6.9 million.
- (2) 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 this section will first be reduced, and if the reduced amount of net proceeds exceeds HK\$25.6 million (the initial intended usage on general working capital of the Group as illustrated in the table above), the intended usage on repayment of other indebtedness of the Group will then be reduced accordingly.

For illustration purposes only, 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 (being the last scenario as illustrated in the table under the heading "Shareholding Structure of the Company" in this Prospectus), in order to maintain the minimum Public Float Requirement upon completion of the Rights Issue, the size of the Rights Issue shall be reduced and the Rights Shares to be issued upon completion shall be reduced to 3,597,390,384 Shares. Accordingly, the gross proceeds and net proceeds from the Rights Issue shall be reduced to approximately HK\$125.9 million and HK\$118.4 million, respectively. As such, the intended application of net proceeds on general working capital of the Group shall first be reduced to nil, and as the amount of net proceeds reduced exceeds HK\$25.6 million, the intended application of net proceeds on repayment of other indebtedness of the Group will then also be reduced to HK\$32.8 million.

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 giving the Qualifying Shareholders an 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.

RISK FACTORS

The Directors believe that there are certain risks involved in the operations of the Group, which include but are not limited to, the following:

Business risks relating to the Group

(i) Fluctuation in the price of gold

The Directors consider that the price of gold in the PRC is highly influenced by the price of gold in the international market (which is denominated in the USD) and the exchange rate of the USD to RMB. The Directors consider that there are many factors influencing the price

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of gold in the international market beyond the control of the Group, including the global economic situation, fiscal, monetary and trade policies of the world's major economies which would eventually influence the exchange rates of the USD, fluctuation in major stock markets and geo-political instability in the international arena. The fluctuation in gold price would affect the revenue levels and cash flow of the Group significantly. To mitigate and control such risks, the Group would continue to make constant effort in controlling cash cost for production and the overall cost for the Group's operation, monitor closely the commodity market and align its production planning, growth strategy and capital expenditure with projected market development to the fullest extent possible.

(ii) Investment risk

Investing in mineral exploration and mining has its inherent risks. Significant capital expenditures are usually required for business and regulatory reasons in new exploration and sustained mine development while the results, particularly those for exploration, may not always be as expected or the desired levels of reliability for newly found mineral reserves and resources may not be achieved in a timely fashion. The Group would mitigate and control such risks by conducting proper risk assessment, by employing third party professionals and experts and adopting the best practices in the industry in investment evaluation and decision-making processes, including carefully planned drilling and other exploration activities, mine development and acquisition of quality mining assets.

(iii) Government regulations

The mining activities of the Group are subject to various government policies, standards, permits and regulations, all of which could affect the Group's operation. From time to time, there are government initiatives for the mining industry such as mining right consolidation which aims at creating larger mining areas from fragmented ones. Furthermore, the process for review and extension of the existing mining and exploration right permits, and review and approval of any new mining and production facilities have become lengthy and costly with uncertainty of outcome. Even projects approved years ago and are already under construction can be subject to review and approval under a new set of regulations and standards. The Group would mitigate and control such risks by working closely with government agencies to negotiate the best deals in the consolidation programme in order to protect and maximize the Group's interests. At the same time, the Group monitors and follows policy development closely and works ahead of the anticipated changes on a best effort basis in order to be prepared and in compliance.

(iv) Environmental protection

The nationwide environmental protection campaign has been enhanced in the mining sector and green mines have been promoted under the PRC's national strategy for environmental protection. Virtually all major mining regions in the country including the county where the Group operates are part of this campaign. This involves permitting mining only at certain elevations away from any protective or natural reserve areas and strictly enforcing pollution control standards, minimizing adverse impacts of mining and processing activities to their surrounding natural and social environments and to geology stability, mitigating any adverse impacts from historical mining activities and landscaping of the mine

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sites and surroundings in particular, the Xiao Qinling mountains where the Company's mine operates, have received the attention for protection from the highest level of the country leadership. Enforcement of environmental protection has been beefed up in the PRC. A series of new provincial and local notices, guidelines and other directors have been issued during the last financial year, some of which targeted specifically the mining sector. There could be very specific requirements for example, the regulation imposed to relocate accommodation of mining workers away from mining sites. It is expected that the regulations will be increasingly stringent. Enforcement of these environmental policies and standards may cause an increase in operating costs and any violation could result in interruption of the Group's normal production activities. The Group has a policy to protect the natural and social environments and to be in full compliance with all applicable policies and standards. The Group has and will continue to take pre-active measures to ensure compliance.

(v) The COVID-19 pandemic

The COVID-19 pandemic which has spread globally since January 2020, has caused uncertainties to the economy in the PRC in the coming year. The impact of the COVID-19 pandemic is likely to last in the near future especially with respect to travel restrictions, meeting limitation and possible occurrence of new waves of COVID-19 outbreak. In such event, health and safety risks during the occurrence of the COVID-19 pandemic may also lead to labour shortage, increase in wages of the workers and/or closure or interruption of the Group's gold mines if new cases occur at the mines, consequently delaying the work progress of the Group's gold mining operation. It has affected and may continue to affect the operation of the Group's customers and potential investors which in turn would affect the Group's sales and the Group's fund raising plans. These adverse impacts, if materialised and persist for a substantial period, may significantly and adversely affect our business operation and financial performance.

(vi) Financial risk

The Group requires sufficient funding for its working capital, debt repayment, further development and planned acquisitions. The Group currently has limited financial resources and for the time being, it is in net current liabilities position, although the Group has fulfilled all its financial obligations in the past including settlements of disputes and other financial obligations as and when needed. Failure to obtain additional funding in a timely fashion however, may adversely affect the Group's operation and its development plan.

LETTER FROM THE BOARD

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 Latest Practicable Date up to the completion of the Rights Issue:

Name of Shareholder	As at the Latest Practicable Date		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 Placees under the Compensatory Arrangements				Immediately after completion of the Rights Issue assuming the Underwriter takes up the maximum amount of 3,664,916,784 Underwritten Shares				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			
	Approximate		Approximate		Approximate		Approximate		Approximate		Approximate		Approximate					
	Number of Shares	% of issued Shares	Number of Shares	% of issued Shares	Number of Shares	% of issued Shares	Number of Shares	% of issued Shares	Number of Shares	% of issued Shares	Number of Shares	% of issued Shares	Number of Shares	% of issued Shares				
Mr. Ma (also as the Underwriter)	200,730,224	13.41	802,920,896	13.41	802,920,896	13.41	4,467,837,680	74.62 ^(Note 3)	3,798,120,608	74.56 ^(Note 2,3)								
Ms. Zhao ^(note 1)	22,508,800	1.50	90,035,200	1.50	22,508,800	0.38	22,508,800	0.38 ^(Note 3)	22,508,800	0.44 ^(Note 3)								
Other public Shareholders	1,273,543,136	85.09	5,094,172,544	85.09	5,161,698,944	86.21	1,496,782,160	25.00	1,273,543,136	25.00								
Total	1,496,782,160	100.00	5,987,128,640	100.00	5,987,128,640	100.00	5,987,128,640	100.00	5,094,172,544	100.00								

Note:

- 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.
- 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 the letter from the Board in this Prospectus will be reduced accordingly.
- If upon completion of the Rights Issue and Compensatory Arrangements and after discharging the underwriting obligations in accordance with the Underwriting Agreement, the Underwriter and/or parties acting in concert with it in aggregate, hold more than 50% of the Company's voting rights, the Underwriter may thereafter increase its holding without incurring any further obligation under Rule 26 of the Takeovers Code to make a general offer for Shares.

LETTER FROM THE BOARD

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 Latest Practicable Date.

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 were required to 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 Latest Practicable Date, none of the Directors or chief executives of the Company had any interests in the Shares.

Underwriting Agreement

As at the Latest Practicable Date, Mr. Ma as the Underwriter is beneficially interested in 200,730,224 Shares, representing approximately 13.41% of the issued 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. None of the Directors had material interests in the transactions contemplated under the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Special Deals and the transactions contemplated thereunder and the Whitewash Waiver, and therefore none of the Directors were required to abstain from voting on the relevant Board resolutions approving the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Special Deals and the transactions contemplated thereunder and the Whitewash Waiver.

At the EGM held on 28 February 2022, Mr. Ma, Ms. Zhao and the 2017 CB Holder were required to and did abstain from voting on the proposed resolutions as set out in the Circular at the EGM. At the EGM, the resolutions in respect of the Capital Reorganisation, the Whitewash Waiver, the Rights Issue, the Placing Agreement, the Underwriting Agreement and the Special Deals were duly passed by the Independent Shareholders by way of poll.

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TAKEOVERS CODE IMPLICATIONS, THE WHITEWASH WAIVER AND SPECIAL DEALS

As at the Latest Practicable Date, 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 Shares as at the Latest Practicable Date, representing approximately 14.91% of the issued 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 has been 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 Executive has on 24 February 2022 granted the Whitewash Waiver, subject to, (i) the Whitewash Waiver and the Rights Issue and the Underwriting Agreement (and the transactions contemplated under the Underwriting Agreement) being separately approved by at least 75% and more than 50% respectively of the independent vote (as defined in Note 1 on dispensations from Rule 26 of the Takeovers Code) that are cast either in person or by proxy at a general meeting, to be taken on a poll; and (ii) unless the Executive gives prior consent, no acquisition or disposal of voting rights being made by the Underwriter and its concert parties between the date of the Announcement and the completion of the Rights Issue.

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As the Whitewash Waiver and the Rights Issue and the Underwriting Agreement (and the transactions contemplated under the Underwriting Agreement) have been approved by the Independent Shareholders by way of special resolution and ordinary resolutions respectively at the EGM by way of poll, the condition (i) above imposed by the Executive has been fulfilled on 28 February 2022.

As at the Latest Practicable Date, 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 Latest Practicable Date:

- (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\$55.5 million.

Under the Takeovers Code, the use of the proceeds from the Rights Issue to repay the indebtedness owed to the above 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 Company has, on 24 February 2022, obtained consent from the Executive in respect of the Special Deals, subject to the Special Deals being approved by the vote of the Independent Shareholders at the EGM to be taken on a poll, which has been satisfied on 28 February 2022.

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 including Mr. Ma, Ms. Zhao and the 2017 CB Holder abstained from voting on the relevant resolution(s) at the EGM.

As at the Latest Practicable Date:

- (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;

LETTER FROM THE BOARD

- (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.

WARNING OF THE RISKS OF DEALING IN SHARES AND THE NIL-PAID RIGHTS SHARES

The Rights Issue will proceed on a fully 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 “Termination of the Underwriting Agreement” in this Prospectus). Accordingly, the Rights Issue may or may not proceed.

The Shares have been dealt in on an ex-rights basis from Monday, 11 April 2022. Dealings in the Rights Shares in nil-paid form will take place from Monday, 25 April 2022 to Tuesday, 3 May 2022 (both days inclusive). Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.

Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriter’s right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Prospectus.

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

1. FINANCIAL INFORMATION

Details of the financial information of the Group for each of the three years ended 31 March 2019, 31 March 2020 and 31 March 2021 and the six months ended 30 September 2021 are disclosed in the annual reports and interim report of the Company which have been published on the website of the Stock Exchange (<http://www.hkex.com.hk>) and the Company (<http://www.grandtg.com>):

- (i) the unaudited financial information of the Group for the nine months ended December 2021 is disclosed in the third quarterly report 2021 (“**2021 3Q Report**”) of the Company published on 12 November 2021, from pages 2 to 25.

(<https://www1.hkexnews.hk/listedco/listconews/gem/2022/0211/2022021101115.pdf>);

- (ii) the audited financial information of the Group for the year ended 31 March 2021 is disclosed in the annual report 2020/2021 (“**2020/2021 Annual Report**”) of the Company published on 29 June 2021, from pages 63 to 172

(<https://www1.hkexnews.hk/listedco/listconews/gem/2021/0629/2021062901824.pdf>);

The consolidated financial statements for the year ended 31 March 2021 were audited by McM (HK) CPA Limited.

- (iii) the audited financial information of the Group for the year ended 31 March 2020 is disclosed in the annual report 2019/2020 of the Company published on 2 July 2020, from pages 63 to 184

(<https://www1.hkexnews.hk/listedco/listconews/gem/2020/0702/2020070202255.pdf>); and

The consolidated financial statements for the year ended 31 March 2020 were audited by McM (HK) CPA Limited.

- (iv) the audited financial information of the Group for the year ended 31 March 2019 is disclosed in the annual report 2018/2019 of the Company published on 28 June 2019, from pages 68 to 176

(<https://www1.hkexnews.hk/listedco/listconews/gem/2019/0628/gln20190628119.pdf>).

The consolidated financial statements for the year ended 31 March 2019 were audited by GI CPA Limited.

The following is the summary of the consolidated financial information of the Group for each of the years ended 31 March 2019, 2020 and 2021 and the nine months ended 31 December 2021 which were extracted from the Company's annual reports for the years ended 31 March 2019, 2020 and 2021 and the 2021 3Q Report respectively:

	For the year ended 31 March			For the nine months ended
	2019	2020	2021	31 December 2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
RESULTS				
Revenue	<u>163,829</u>	<u>69,643</u>	<u>99,807</u>	<u>97,082</u>
(Loss)/profit before tax	15,610	(39,229)	(17,116)	10,158
Income tax (expense)/credit	<u>(7,849)</u>	<u>453</u>	<u>549</u>	<u>(5,191)</u>
(Loss)/profit for the period	<u>7,761</u>	<u>(38,776)</u>	<u>(16,567)</u>	<u>4,967</u>
Attributable to:				
Equity holders of the Company	33	(35,239)	(17,974)	84
Non-controlling interests	<u>7,728</u>	<u>(3,537)</u>	<u>(1,407)</u>	<u>4,883</u>
	<u>7,761</u>	<u>(38,776)</u>	<u>(16,567)</u>	<u>4,967</u>
Total comprehensive Profit/(loss) for the period	<u>(16,223)</u>	<u>(62,698)</u>	<u>11,525</u>	<u>16,884</u>
Attributable to:				
Owners of the Company	(24,903)	(58,174)	9,001	11,493
Non-controlling interests	<u>8,680</u>	<u>(4,524)</u>	<u>2,524</u>	<u>5,391</u>
	<u>(16,223)</u>	<u>(62,698)</u>	<u>11,525</u>	<u>16,884</u>
				For the nine months ended 31 December 2021
	2021	2020	2019	2021
	HK Cents	HK Cents	HK Cents	HK Cents
Profit/(loss) per share attributable to owners of the Company (HK cents)				
Basic	<u>(1.20)</u>	<u>(2.35)</u>	<u>—*</u>	<u>0.0056</u>
Diluted	<u>(1.20)</u>	<u>(2.35)</u>	<u>—*</u>	<u>0.0056</u>

* Represent amount less than HK\$ cents 0.01

Dividends

The Company did not recommend any final dividend for each of the years ended 31 March 2019, 2020 and 2021 and the nine months ended 31 December 2021.

With reference to the 2021 3Q Report, as at 31 December 2021, the Group had cash and cash equivalents and net assets of approximately HK\$4.4 million. The Group's gearing ratio was approximately 0.25 as at 31 December 2021 (31 March 2021: approximately 0.19).

As disclosed in the annual reports of the Company for the financial years ended 31 March 2019, 2020 and 2021, the auditors of the Company for each of the three financial years ended 31 March 2019, 2020 and 2021 set out in their respective independent auditor's reports that the consolidated financial statements of the Group indicated the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. The opinion of the auditors in respect of each of the three financial years ended 31 March 2019, 2020 and 2021 were not modified in respect of this matter.

Relevant extracts of the independent auditor's reports for the financial years ended 31 March 2019, 2020 and 2021 as disclosed in the annual reports of the Company for the financial years ended 31 March 2019, 2020 and 2021 are reproduced below:

For the financial year ended 31 March 2019

(The Group's auditors: GI CPA Limited)

“Material Uncertainty Related to Going Concern

We draw attention to note 1 of the consolidated financial statements, as at 31 March 2019, the Group's net current liabilities is approximately HK\$103,735,000. This condition indicates the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The Group's consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the successful outcome as set forth in note 1 to the consolidated financial statements. Our opinion is not modified in respect of this matter.”

For the financial year ended 31 March 2020

(The Group's auditors: McM (HK) CPA Limited)

“Material uncertainty related to going concern

We draw attention to note 1 to the consolidated financial statements which reveals that the Group incurred a loss of approximately HK\$38,776,000 for the year ended 31 March 2020 and as at 31 March 2020, the Group had net current liabilities of approximately HK\$175,300,000. In addition, the Group's promissory notes, bonds and convertible bonds of approximately HK\$12,500,000, HK\$19,107,000 and HK\$21,396,000

respectively are subject to repayable on demand as disclosed in notes 26, 25 and 27 to the consolidated financial statements respectively. Based on the current liquidity position of the Group, the Group might have financial uncertainties which may cast significant doubt on the Group's ability to continue as a going concern. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the Group will be able to successfully achieve the outcomes as set forth in note 1 to the consolidated financial statements to meet its overdue financial obligations from time to time. Our opinion is not modified in respect of this matter."

For the financial year ended 31 March 2021

(The Group's auditors: McM (HK) CPA Limited)

"Material uncertainty related to going concern

We draw attention to note 1 to the consolidated financial statements which reveals that the Group incurred a loss of approximately HK\$16,567,000 for the year ended 31 March 2021 and as at 31 March 2021, the Group had net current liabilities of approximately HK\$169,120,000. In addition, the Group's bonds and convertible bonds of approximately HK\$13,337,000 and HK\$24,717,000 respectively could become repayable on demand subject to the court ruling, as disclosed in notes 26 and 28 to the consolidated financial statements respectively. Based on the current liquidity position of the Group, the Group might have financial uncertainties which may cast significant doubt on the Group's ability to continue as a going concern. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the Group will be able to successfully achieve the outcomes as set forth in note 1 to the consolidated financial statements to meet its overdue financial obligations from time to time. Our opinion is not modified in respect of this matter."

Save as disclosed above, no modified opinion, emphasis of matter or material uncertainty related to going concern was contained in the independent auditor's reports of the Company for each of the financial years ended 31 March 2019, 2020 and 2021.

2. INDEBTEDNESS

As at the close of business on 28 February 2022, being the latest practicable date for the purpose of ascertaining information contained in this statement of indebtedness prior to the printing of this Prospectus, the details of the Group's indebtedness are as follows:

(a) Other Borrowings

As at 28 February 2022, the Group had unsecured interest-free other borrowings of approximately HK\$156.2 million and unsecured other borrowings of approximately HK\$374 million, which bear interest at the 4.35% per annum. The Group had a secured interest-bearing borrowing of approximately HK\$12.8 million, which is secured by the equivalent amount of Group's rights of collection from its customers and bears interest at the 4.35% per annum;

(b) Bonds

As at 28 February 2022, the Group had outstanding bonds amounting to approximately HK\$13.8 million, which are unsecured and unguaranteed;

(c) Convertible bonds

As at 28 February 2022, the Group had outstanding convertible bonds amounting to approximately HK\$30.3 million, which are unsecured and unguaranteed;

(d) Lease liabilities

As at the close of business on 28 February 2022, the Group had no lease liabilities;

(e) Contingent liabilities

As at 28 February 2022, save as the litigation matters as disclosed in the section headed “Appendix III — General Information — 7. Litigation” in this Prospectus, the Group had no contingent liabilities.

Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities, normal trade and other payables, as at 28 February 2022, being the latest practicable date for the purpose of preparing this statement of indebtedness prior to the printing of this Prospectus, the Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages and charges, hire purchase commitments, material contingent liabilities or guarantees outstanding.

3. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the financial resources available to the Group, including internally generated funds, available facilities and the estimated net proceeds from the Rights Issue, the Group will have sufficient working capital for its requirements for at least the next twelve months from the date of this Prospectus.

Reference is made to the Company’s 2020/2021 Annual Report. According to the 2020/2021 Annual Report”, the auditor’s report on the Group’s financial statements for the year ended 31 March 2021 contained a paragraph relating to “Material Uncertainty Related to Going Concern” and the audit opinion was not modified in respect of this matter.

4. MATERIAL CHANGE

As at the Latest Practicable Date, the Directors confirmed that there was no material change in the financial or trading position or outlook of the Group since 31 March 2021 (being the date to which the latest published audited consolidated financial statements of the Group were made up) up to and including the Latest Practicable Date.

5. TRADING AND FINANCIAL PROSPECTS OF THE GROUP

The year ended 31 March 2021 was proven to be an exceptional challenge to the Group. The sudden outbreak of the coronavirus (COVID-19) epidemic earlier in 2020 had its impacts not only lasting longer than expected but also profoundly affecting the Group's business operations as well as affecting its customers, shareholders, potential investors and other stakeholders. The production had been halted for a prolonged period of time, discussion on potential investments had been suspended and most of the face-to-face meetings had been cancelled. The regulatory environmental protection measures at the Group's mine sites were enhanced, and the Group had been requested to relocate most of site workers' facilities from the mine sites to a nearby village, about 5 km away and our workers now have to report duty through shutter bus. While the Group wholeheartedly support the environmental protection measures and the national strategy of sustainable development, such measures has increased its operating pressure and production costs. And the trade war between China and the United States had been escalating through the year and creating a high level of uncertainty to business operations in general.

Notwithstanding those challenges, the Group have made substantial efforts to maintain mine production activities to the extent possible. As mentioned in the 2020/2021 Annual Report, the Group had in fact managed to increase the revenue and gross profit and to narrow the consolidated loss of the Group as compared to the previous year. The Company has also resolved some long lasting debt disputes, which is a breakthrough for the Company towards its plan to gradually resolve all disputes and litigations inherited long before the trading resumption and to improve the business environment in which the Company operates. During the year ended 31 March 2021, the Company's operating subsidiary had also made smooth relocation of the mining workers at our mine sites, and reclaimed the land previously occupied by site facilities through plantation, ensured full compliance of the latest regulatory requirements for environmental protection.

Looking forward, in the backdrop of the global geopolitical uncertainties, the new waves and continual effect of COVID-19 epidemic, ever tightening regulatory environmental protection requirements in the PRC and other macroeconomic and policy factors, the Group is expected to face a number of challenges ahead in the forthcoming year. The Group will continue with utmost effort to control and minimise unfavourable factors to its operations, take major steps for fund raising to improve significantly the financial positions of the Company and be prepared for execution of the business development plan and growth of business. The Company will strive to improve the Company's asset scale and quality as well as financial performance over time. In addition to organic growth from the company existing business, the Group will look for new potential growth opportunities in a very diligent manner through merger and acquisition, business integration and expansion.

For illustrative purpose only, set out below is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group after completion of the Rights Issue. Although reasonable care has been exercised in preparing the unaudited pro forma financial information, Shareholders who read the information should bear in mind that these figures are inherently subject to adjustments and may not give a complete picture of the Group's financial results and positions for the financial periods concerned.

1. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

Introduction

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company (the “**Unaudited Pro Forma Financial Information**”) has been prepared by the Directors in accordance with paragraph 7.31 of the GEM Listing Rules to illustrate the effect of the Rights Issue, which involves the issue of up to 4,490,346,480 Rights Shares at the Subscription Price of HK\$0.035 per Rights Share on the basis of three Rights Shares for every one Share in issue held on the Record Date, on the unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as if the Rights Issue had taken place on 30 September 2021.

The Unaudited Pro Forma Financial Information is prepared for illustrative purposes only, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to the owners of the Company as at the date to which it is made up or at any future date; and

The Unaudited Pro Forma Financial Information of the Group is prepared by the director based on the unaudited consolidated statement of financial position of the Group as at 30 September 2021, extracted from the published interim report of the Group for the six months ended 30 September 2021, with adjustments described below.

Unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 September 2021	Estimated net proceeds from the Rights Issue	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company after the completion of the Rights Issue	Unaudited consolidated net tangible assets of the Group attributable to owners of the Company per Share as at 30 September 2021	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share after the completion of the Rights Issue
HKD'000 (Note 1)	HKD'000 (Approximate) (Note 2)	HKD'000	HKD (Note 3)	HKD (Note 4)
Based on 4,490,346,480 Rights Shares at a Subscription Price of HK\$0.035 per Rights Share				
159,992	149,700	309,692	0.1069	0.0517

Notes:

1. Unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 September 2021 is calculated as follows:

	<i>HKD'000</i>
Unaudited consolidated net assets of the Group as at 30 September 2021	250,595
Less:	
Intangible assets	(54,006)
Non-controlling interests	<u>(36,597)</u>
	<u><u>159,992</u></u>

2. The estimated net proceeds of approximately HK\$149,700,000 from the Rights Issue are based on the 4,490,346,480 Rights Shares to be issued at a Subscription Price of HK\$0.035 per Rights Share after deduction of the estimated related expenses, including among others, placing fee up to approximately HK\$3.9 million assuming all Rights Shares are fully placed by the Placing Agent, professional fees, financial adviser fees and accountancy charges of approximately HK\$0.5 million, printing and translation fees of approximately HK\$0.3 million, legal and general advisory fees of approximately HK\$2.45 million, share registrar charges of approximately HK\$0.3 million, application fee for approximately HK\$0.05 million, which are directly attributable to the Rights Issue.
3. The calculation of unaudited consolidated net tangible assets of the Group attributable to owners of the Company per Share is based on the unaudited consolidated net tangible assets as at 30 September 2021 and the number of shares of 1,496,782,160 as at the Latest Practicable Date.
4. The calculation of unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share after the completion of the Rights Issue is based on 5,987,128,640 Shares which comprise 1,496,782,160 Shares in issue as the Latest Practicable Date and 4,490,146,480 Rights Shares to be issued.
5. Save as disclosed above, no adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 September 2021.

2. ACCOUNTANT'S REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from McM (HK) CPA Limited, Certified Public Accountants, Hong Kong, the independent reporting accountants of the Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this prospectus.



24th Floor
Siu On Centre
188 Lockhart Road
Wan Chai
Hong Kong

21 April 2022

The Board of Directors of
Grand T G Gold Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Grand T G Gold Holdings Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets as at 30 September 2021 and related notes as set out on pages II-1 to II-2 of the prospectus issued by the Company dated 21 April 2022 (the “**Prospectus**”). The applicable criteria on the basis of which the directors have compiled the unaudited pro forma financial information are described in Section 1 of Appendix II of the Prospectus.

The unaudited pro forma financial information has been compiled by the directors of the Company to illustrate the impact of the proposed rights issue on the basis of one rights share for each existing share at the subscription price of HK\$0.035 per rights share (the “**Rights Issue**”) on the Group's consolidated financial position as at 30 September 2021 as if the Rights Issue had taken place on 30 September 2021. As part of this process, information about the Group's net tangible assets as at 30 September 2021 has been extracted by the directors from the Group's consolidated statement of financial position as at 30 September 2021, included in the results announcement of the Group for the year ended 30 September 2021.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

Our Independence and Quality Control

We have complied with the independence and other ethical requirement of the “Code of Ethics for Professional Accountants” issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant’s Responsibilities

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the GEM Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountant plan and performs procedures to obtain reasonable assurance about whether the directors have compiled the unaudited pro forma financial information in accordance with paragraph 7.31 of the GEM Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Rights Issue at 30 September 2021 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related unaudited pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled by the director of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

Yours faithfully,

McM (HK) CPA Limited
Certified Public Accountants
Hong Kong

1. RESPONSIBILITY STATEMENT

This Prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this Prospectus 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 Prospectus misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company

(i) As at the Latest Practicable Date

<i>Authorised:</i>	<i>HK\$</i>
160,000,000,000 Shares of HK\$0.001 each	<u>160,000,000.00</u>
 <i>Issued and fully-paid:</i>	
<u>1,496,782,160</u> Shares of HK\$0.001 each	<u>1,496,782.16</u>

(iii) Immediately following the allotment and issue of the Rights Shares (assuming no change in the number of issued Shares and full acceptance of Rights Shares by all Qualifying Shareholders)

<i>Authorised:</i>	<i>HK\$</i>
<u>160,000,000,000</u> Shares of HK\$0.001 each	<u>160,000,000.00</u>
 <i>Issued and fully-paid:</i>	
<u>1,496,782,160</u> Shares immediately following the Capital Reorganisation	<u>1,496,782.16</u>
<u>4,490,346,480</u> Rights Shares to be allotted and issued under the Rights Issue	<u>4,490,346.48</u>
<u>5,987,128,640</u> Shares of HK\$0.001 each	<u>5,987,128.64</u>

All the Shares in issue are fully-paid and rank *pari passu* in all respects including all rights as to dividends, voting and return of capital. The Rights Shares, when allotted, issued and fully-paid, will rank *pari passu* with the Shares then in issue in all respects. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment and issue of the fully-paid Rights Shares.

The Rights Shares to be issued will be listed on the Stock Exchange. No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or the Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

Since 31 March 2021 (being the end of the last financial year of the Company) and up to the Latest Practicable Date, no new Shares have been issued by the Company.

As at the Latest Practicable Date, there is no arrangement under which future dividends are/will be waived or agreed to be waived.

As at the Latest Practicable Date, save as the 2017 CB, the Company (i) had no other outstanding warrants, options or convertible or exchangeable securities in issue which would otherwise confer any right to subscribe for, convert or exchange into Shares; (ii) there was no share or loan capital of any member of the Group which was under option, or agreed conditionally or unconditionally to be put under option; and (iii) there were no arrangements under which future dividends were waived or agreed to be waived.

3. DISCLOSURE OF INTERESTS

(a) Directors' and chief executive's interests and short positions in shares and underlying shares

As at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the GEM Listing Rules; or (iv) to be disclosed under the Takeovers Code.

As at the Latest Practicable Date, none of the Directors is a director or employee of a company which had, or was deemed to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

(b) Substantial shareholders' interests and short positions in shares and underlying shares

As at the Latest Practicable Date, so far as any Directors are aware, the interest or short positions owned by the following parties (other than the Directors or chief executives of the Company) in the Shares, underlying Shares or debentures of the Company which are required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO, or who were, directly or indirectly, interested in 10% or more of the issued voting shares of any member of the Group were as follows:

Long Positions in Shares and Underlying Shares of the Company

Name	Capacity	Number and class of securities		Approximate % of the issued Shares
		Shares	Underlying Shares	
Mr. Ma	Beneficial owner	200,730,224	—	13.41%
	Interest of spouse	22,508,800 <i>(Note 1)</i>	—	1.50%
Ms. Zhao	Beneficial Owner	22,508,800	—	1.50%
	Interest of spouse	200,730,224 <i>(Note 1)</i>	—	13.41%
Lee Shing	Interest in a controlled corporation	106,893,333 <i>(Note 2)</i>	—	7.14%
Yong Li Investments Limited	Beneficial owner	106,893,333	—	7.14%
Wang Dong	Interest in a controlled corporation	86,244,800 <i>(Note 3)</i>	—	5.76%
Midway International Holdings Limited	Beneficial owner	86,244,800	—	5.76%

Name	Capacity	Number and class of securities		Approximate % of the issued Shares
		Shares	Underlying Shares	
Zhou Yong	Beneficial owner	116,666,666	—	7.79%
Leung Heung Ying	Beneficial owner	13,333,332	—	0.89%
		—	100,317,856 (Note 4)	6.70%

Notes:

1. Mr. Ma is the spouse of Ms. Zhao Yuebing. Mr. Ma and Ms. Zhao is accordingly deemed to be interested in the Shares beneficially owned by each other under the SFO.
2. Those Shares were held by Yong Li Investments Limited, a company wholly and beneficially owned by Mr. Lee Shing.
3. Those Shares were held by Midway International Holdings Limited, a company wholly and beneficially owned by Ms. Wang Dong.
4. The 100,317,856 underlying Shares represents the maximum number of new Shares to be issued at the conversion price upon exercise of the conversion rights attached to the 2017 CB issued to Mr. Leung Heung Ying on 17 July 2017 pursuant to a convertible bonds subscription agreement dated 10 April 2017 as at the Latest Practicable Date.

Saved as disclosed above, as at the Latest Practicable Date, the Directors are not aware of any interests or short positions owned by any persons (other than the Directors or chief executives of the Company) in the Shares or underlying Shares of the Company which were required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under Section 336 of the SFO, or who were, directly or indirectly, interested in 10% or more of the issued voting shares of any member of the Group; or to be disclosed under the Takeovers Code.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors or proposed directors of the Company (if any) had entered into or proposed to enter into any service contracts with the Company or any subsidiary or associated company of the Company which (a) (including continuous and fixed term contracts) had been entered into or amended within 6 months before the commencement of the Relevant Period; (b) are continuous contracts with a notice period of 12 months or more; (c) are fixed term contracts with more than 12 months to run irrespective of the notice period; or (d) is not determinable by the Company within one (1) year without payment of any compensation (other than statutory compensation).

5. DIRECTORS' INTERESTS IN CONTRACT, ASSETS AND ARRANGEMENT OF SIGNIFICANCE

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to any business of the Group.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been since 31 March 2021 (being the date to which the latest published audited consolidated financial statements of the Group were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

6. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their respective associate(s) was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

7. LITIGATION

As at the Latest Practicable Date, the Group has the following litigations:

(i) HCA 397 of 2011 (the "HCA 397 Action")

The HCA 397 Action was issued by Charm Master Enterprises Limited ("**Charm Master**") against the Company for payments allegedly due to the former under (1) a Promissory Note D issued by the Company dated 29 January 2010 for a sum of HK\$7,500,000 due and payable on 30 April 2010; and (2) a Promissory Note E issued by the Company dated 1 June 2010 for a sum of HK\$5,000,000 due and payable on 20 June 2010. The Company's opposed the claim on the basis that the condition precedents for payment of such sums of money had not been satisfied, such that it is not liable to pay Charm Master.

J. Thomson Asset Investment Ltd ("**J. Thomson**") was subsequently joined as a 2nd Defendant to the HCA 397 Action. J Thomson claimed that it is in fact entitled to the sums of money due and payable under Promissory Notes D and E to the extent of HK\$12,000,000 by virtue of an alleged arrangement it entered into with Charm Master on or around 29 April 2008. Accordingly, it counterclaimed the sum of HK\$12,000,000 against both Charm Master and the Company.

J. Thomson subsequently applied for summary judgment against the Company, or alternatively, an interim payment in the sum of HK\$12,000,000 into Court. By the Order of Deputy High Court Judge Raymond Leung SC on 12 November 2020, the Company was ordered to make payment of HK\$12,000,000 into Court as condition to defend the counterclaim of J. Thomson. The said payment was made on 14 January 2021.

By the Order of Deputy High Court Judge Raymond Leung SC on 26 February 2021, the Company was allowed to interplead for the total sum of money payable under Promissory Notes D and E, and thereupon be excused from any future proceedings in the HCA 397 Action until the determination of issues of interest and cost as between the parties, which shall take place after trial. Pursuant to the said court orders dated 12 November 2020 and 26 February 2021, the Company made two payments totalling \$12,500,000 into the Court on 14 January 2021 and 22 March 2021, respectively, being the full amount claimed by the plaintiff under HCA 397 Action. Promissory Notes D and E carry no interest and no claims are made other than the principal sum of money of the Promissory Notes D and E under HCA 397 Action. As the Company has fulfilled its payment obligation under HCA 397 Action, no provision has been made. The HCA 397 Action has since proceeded as between Charm Master and J. Thomson without the participation of the Company.

The directors of the Company are of the opinion that the abovesaid issue was already reflected in the Group's consolidated financial statements as at 31 March 2021, pursuant to notes 27 and 39 to the consolidated financial statements.

(ii) HCA 1885 of 2018 (the “HCA 1885 Action”)

The HCA 1885 Action was commenced by the 2017 CB Holder against the Company to seek payment under the 2017 CB totalling HK\$30,095,357.00 and the interest accrued thereon. This legal action is still on-going but no hearing date has been fixed. Pursuant to the agreement dated 28 October 2021 entered into between 2017 CB Holder and the Company in relation to redemption of the outstanding 2017 CB, the parties agreed to discontinue HCA 1885 Action upon repayment of the consideration under the said agreement and all outstanding interests under the 2017 CB by the Company.

(iii) HCMP 1869 of 2020 (the “HCMP 1869 Action”)

The HCMP 1869 Action was commenced by the Company against the Company's previous legal representatives, D.S. Cheung & Co. by way of Originating Summons on 27 October 2020. The Company sought an order that the nine invoices delivered to the Company in the HCA 397 Action, HCMP 1398/2018 and HCA 1885/2018 actions (“the Invoices”), be taxed pursuant to Section 67 of the Legal Practitioners Ordinance. Pursuant to the Order of Master Lai of 1 June 2021, the Invoices have been referred to taxation and the Company has been ordered to pay HK\$570,000 as security for the taxation by 22 June 2021. The taxation hearing will be fixed in due course. The Company has paid the abovesaid amount of HK\$570,000 into court on 21 June 2021. A maximum of approximately HK\$1.7 million of the proceeds from the Rights Issue under the limb of expected net proceeds usage of “repayment of other indebtedness of the Group” is expected to be used to repay liabilities under the HCMP 1869 Action. No provision has been made for such contingent liabilities.

Save as disclosed above, as at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration proceedings of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

8. QUALIFICATIONS AND CONSENTS OF EXPERT

The following are the qualifications of the expert who has given opinions or advice which are contained in this Prospectus:

Name	Qualifications
McM (HK) CPA Limited	Certified Public Accountants

The above experts has given and confirmed that it has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of its letter, report, advice, opinion and/or references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, the above expert did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any Shares, convertible securities, warrants, options or derivatives which carry voting rights in any member of the Group.

As at the Latest Practicable Date, the above expert did not have any interest, either directly or indirectly, in any assets which have been since 31 March 2021 (being the date to which the latest published audited consolidated financial statements of the Company were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

9. MATERIAL CONTRACTS

The following contract (not being contracts in the ordinary course of business) has been entered into by the members of the Group within the two years immediately preceding the date of the Announcement and are or may be material:

- (a) the Underwriting Agreement;
- (b) the Placing Agreement; and
- (c) an agreement dated 28 October 2021 entered into between 2017 CB Holder and the Company in relation to redemption of the outstanding 2017 CB with principal amount of HK\$30,095,357; and
- (d) a side letter dated 21 February 2022 entered into between the 2017 CB Holder and the Company to extend the long stop date to 31 May 2022 of the agreement mentioned in (c) above.

10. EXPENSES

The expenses in connection with the Rights Issue, including financial advisory fees, printing, registration, translation, legal and accountancy charges are estimated to be approximately HK\$7.5 million, which are payable by the Company.

11. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

Registered office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Head office and principal place of business in Hong Kong	Room A-B, 8th Floor, Centre Mark II, 305-313 Queen's Road Central Sheung Wan, Hong Kong
Authorised representatives	Dr. Li Dahong Room A-B, 8/F, Centre Mark II, 305-313 Queen's Road Central, Sheung Wan, Hong Kong Ms. Lee Eva Room A-B, 8/F, Centre Mark II, 305-313 Queen's Road Central, Sheung Wan, Hong Kong
Company secretary	Ms. Lee Eva
Compliance officer	Ms. Ma Xiaona
Underwriter	Mr. Ma Qianzhou Unit 64-65 4/F Sino Industrial Plaza 9 Kai Cheung Road Kowloon Hong Kong

Legal advisers to the Company	Khoo & Co. 15th & 16th Floor Tern Centre Tower 2 251 Queen's Road Central Hong Kong WE LAWYERS Unit 1601 & 03 Fairmont House 8 Cotton Tree Drive Central Hong Kong
Placing Agent	Cinda International Capital Limited 45th Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong
Auditor	McM (HK) CPA Limited <i>Certified Public Accountants</i> 24th floor, Siu On Centre 188 Lockhart Road Wan Chai Hong Kong
Principal bankers	Shanghai Commercial Bank Limited G/F & 1/F Southland Building 48 Connaught Road Central Central, Hong Kong OCBC Wing Hang Bank Limited 161 Queen's Road Central Hong Kong

Principal share registrar and transfer office	Estera Trust (Cayman) Limited Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman, Cayman Islands
Hong Kong branch share registrar and transfer office	Tricor Investor Services Limited Level 54, Hopewell Centre 183 Queen's Road East Hong Kong

12. PARTICULARS OF THE DIRECTORS AND SENIOR MANAGEMENT

Name	Correspondence Address
<i>Executive Directors</i>	
Dr. Li Dahong (<i>Chairman</i>)	Room A-B, 8/F, Centre Mark II, 305-313 Queen's Road Central, Sheung Wan, Hong Kong
Ms. Ma Xiaona	Room A-B, 8/F, Centre Mark II, 305-313 Queen's Road Central, Sheung Wan, Hong Kong
<i>Independent non-executive Directors</i>	
Mr. Guo Wei	Room A-B, 8/F, Centre Mark II, 305-313 Queen's Road Central, Sheung Wan, Hong Kong
Mr. Lam Albert Man Sum	Room A-B, 8/F, Centre Mark II, 305-313 Queen's Road Central, Sheung Wan, Hong Kong
Mr. Cheung Wai Hung	Room A-B, 8/F, Centre Mark II, 305-313 Queen's Road Central, Sheung Wan, Hong Kong
<i>Senior Management</i>	
Mr. Ma Qianzhou	Unit 64-65, 4/F, Sino Industrial Plaza, 9 Kai Cheung Road, Kowloon, Hong Kong
Ms. Eva Lee	Room A-B, 8/F, Centre Mark II, 305-313 Queen's Road Central, Sheung Wan, Hong Kong

Executive Directors***Dr. Li Dahong (“Dr. Li”)***

Dr. Li, aged 63, joined the Company as an executive Director on 24 February 2016 and is also the chairman and the authorized representative of the Company. Dr. Li also serves as a director of SSC Mandarin Mining Investment Limited and T G Mining Asia Limited, all being subsidiaries of the Company. He has over 20 years of experience in investment banking, mergers and acquisitions and other financial activities. Dr. Li was graduated from Tsinghua University in civil and environmental engineering and received a degree in Doctor of Philosophy in Civil Engineering from the University of Toronto, Canada.

Ms. Ma Xiaona (“Ms. Ma”)

Ms. Ma, aged 46, was appointed as a non-executive Director of the Company on 24 March 2016 and is a member of the remuneration committee and nomination committee of the Company. Ms. Ma was re-designated as an executive Director and the compliance officer of the Company on 13 September 2017, and was also appointed as a director of SSC Mandarin Mining Investment Limited and T G Mining Asia Limited, wholly-owned subsidiaries of the Company. Ms. Ma graduated from East China University of Science and Technology in Shanghai with a Bachelor’s degree in International Trade. She has more than 20 years of experience in project financing, joint ventures and mergers and acquisitions in China and Hong Kong, involving in industries such as gold mining, other resources mining, traditional manufacturing, and high-tech industry.

Independent Non-Executive Directors***Mr. Guo Wei (“Mr. Guo”)***

Mr. Guo, aged 66, was appointed as an independent non-executive director of the Company on 28 April 2016. He is also the chairman of the nomination committee and remuneration committee and a member of the audit committee of the Company. Mr. Guo graduated from Beijing Institute of Economic Research, majoring in Chinese Language and Literature (undergraduate) in 1999. Since 2004, he has been served as the chairman of the board of 浙江瑞豐投資有限公司 (Zhejiang Ruifeng Investment Company Limited*). He worked in the 浙江省郵電勘察設計院 (Survey and Design Institute of Post and Telecommunications in Zhejiang Province*) from 1977 to 1987. He worked in the Zhejiang Provincial Government Office in Guangzhou and 大東南集團公司 (Grand Southeast Group Corporation*) from 1988 to 1994. He worked as the general manager of 杭州南王國際大酒店 (Hangzhou Nanwang International Hotel*) and the chairman of the board of 杭州五雲投資公司 (Hangzhou Wuyun Investment Company*) from 1995 to 2004. Mr. Guo has been engaged in management for more than 30 years, including 20 years as the head of enterprises, during which he gains extensive management experience and strong coordination ability.

Mr. Lam Albert Man Sum (“Mr. Lam”)

Mr. Lam, aged 65, joined the Company as an independent non-executive Director on 8 December 2017. He is also the chairman of the audit committee of the Company, a member of the nomination committee and remuneration committee of the Company. He is a member of the Institute of Chartered Accountants in England & Wales, Association of Chartered Certified Accountants, Hong Kong Institute of Certified Public Accountants, the Hong Kong Securities Institute, Society of Chinese Accountants & Auditors, Australia • New Zealand Institute of Chartered Accountants, Taxation Institute of Hong Kong and Certified Tax Adviser. Mr. Lam holds a Bachelor Degree in Arts (Economics) from the University of Manchester, the United Kingdom. Mr. Lam is currently an independent non-executive director of Macrolink Capital Holdings Limited (formerly known as Junefield Department Store Group Limited) (Stock Exchange Stock Code: 758). He was an independent non-executive director of OCI International Holdings Limited (Stock Exchange Stock Code: 329) from 28 April 2010 to 7 May 2018. Mr. Lam currently is a partner of Grand Thornton Hong Kong Limited. Mr. Lam had been head of department in Southwest Securities International Securities Limited (Stock Exchange Stock Code: 812). He was the former director and Chief Executive Officer and is the shareholder of Jonten Hopkins CPA Limited (the merger of former Aoba CPA Limited* (青葉會計師事務所) and Albert Lam & Co. CPA). Mr. Lam was also the Managing Partner and Founder of Albert Lam & Co. CPA.

Mr. Cheung Wai Hung (“Mr. Cheung”)

Mr. Cheung, aged 40, joined the Company as an independent non-executive Director on 27 August 2018. He is also a member of the audit committee of the Company. He is a certified tax adviser of the Taxation Institute of Hong Kong, a certified public accountant of the Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants. Mr. Cheung graduated from The Hong Kong Polytechnic University with an honours degree in bachelor of arts in accountancy. He worked in Jonten Hopkins CPA Limited from July 2004 to March 2014 and his last position was audit manager. He is currently appointed as the chief financial officer of Wai Chi Holdings Company Limited (Stock Exchange Stock Code: 1305). Mr. Cheng was appointed as an independent non-executive director of Ye Xing Group Holdings Limited (Stock Exchange Stock code: 1941) on 17 February 2020.

Senior Management***Mr. Ma Qianzhou (“Mr. Ma”)***

Mr. Ma, aged 63, has more than 30 years of senior management experience in gold mining, exploration, ore processing, refining and merger and acquisitions of mining companies in China. Mr. Ma is currently a member of People’s Congress of Tongguan County, Shaanxi Province, the PRC. Mr. Ma has been the general manager and director of Taizhou Mining since April 2008. He had served as director of China Gold Association and executive director of Gold Association of Shaanxi Province. He had held senior management positions as the director of the Small and Medium Entrepreneurs

Association, Shaanxi Province, PRC, the President of the Small and Medium Entrepreneurs Association of Weinan City, Shaanxi Province, the PRC and the President of Gold Association of Tongguan County, Weinan City, Shaanxi Province, the PRC.

Ms. Eva Lee (“Ms. Lee”)

Ms. Lee was appointed as the company secretary of the Company on 20 February 2020. She is admitted as a solicitor in Hong Kong and focusing on capital markets and corporate finance work. Ms. Lee graduated from the London School of Economic and Political Science with Masters of Laws (Distinction).

13. MISCELLANEOUS

- (a) The company secretary of the Company is Ms. Lee Eva, who is a practising solicitor in Hong Kong.
- (b) The audit committee of the Board was established with written terms of reference were adopted in compliance with the GEM Listing Rules. The main functions of the audit committee are to review the financial information of the Company, oversee the financial reporting process and risk management and internal control systems of the Group, maintain an appropriate relationship with the Company’s auditors and provide advice and comments to the Board. The audit committee consists of three independent non-executive Directors, namely, Mr. Lam Albert Man Sum (chairman of the committee), Mr. Guo Wei and Mr. Cheung Wai Hung.
- (c) As at the Latest Practicable Date, to the best knowledge of the Directors, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.
- (d) The English text of this Prospectus shall prevail over the Chinese text in case of any inconsistency.

14. LEGAL EFFECT

The Prospectus Documents and all acceptance of any offer or application contained in such documents are governed by and shall be construed in accordance with the Laws of Hong Kong. Where an application is made in pursuance of any such documents, the relevant document(s) shall have the effect of rendering all persons concerned bound by the provisions, other than the penal provisions, of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong).

15. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

A copy of each of the Prospectus Documents and the written consent referred to in the paragraph headed “Expert and consent” in this appendix have been delivered to the Registrar of Companies of Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong).

16. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Company (<http://www.grandtg.com>) and the Stock Exchange (<http://www.hkexnews.hk>) for the period of 14 days from the date of this Prospectus:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company for the last three years ended 31 March 2019, 31 March 2020 and 31 March 2021 and the third quarterly report of the Company for the nine months ended 31 December 2021;
- (c) the unaudited pro forma financial information of the Group, the text of which is set out in appendix II to this Prospectus;
- (d) the written consent of the expert as referred to in the section headed “Qualifications and consents of expert” in this appendix;
- (e) the material contracts referred to in the section headed “Material contracts” in this appendix;
- (f) the Irrevocable Undertaking; and
- (g) this Prospectus.