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GRAND T G GOLD HOLDINGS LIMITED

大唐潼金控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8299)

DISCLOSEABLE TRANSACTION ACQUISITION OF A PRODUCTION LINE OF GOLD REFINERY INVOLVING THE ISSUE OF CONVERTIBLE BONDS UNDER GENERAL MANDATE AND LOAN NOTE

THE ACQUISITION

The Board is pleased to announce that on 3 August 2023, the Purchaser, an indirect subsidiary owned as to 72% by the Company, the Vendor and the Company as the Purchaser's holding company, entered into the Agreement in relation to the acquisition of a full set of gold refinery machines and ancillary and supporting facilities which will form the gold refinery production line with a capacity up to 300 tons of gold concentrates per day at a total consideration of RMB160,000,000 (equivalent to approximately HK\$175,000,000.00).

The Consideration of the Acquisition will be funded by the internal resources of the Company including the issue and allotment of Convertible Bond in the principal sum of HK\$130,000,000.00, the issue of the Loan Note in the sum of HK\$40,000,000.00 and cash consideration in the sum of HK\$5,000,000.00.

IMPLICATION UNDER THE GEM LISTING RULES

As the highest applicable percentage ratio (as defined under the GEM Listing Rules) in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company under the GEM Listing Rules and is therefore subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

THE ACQUISITION

The Board is pleased to announce that on 3 August 2023, the Purchaser, an indirect subsidiary owned as to 72% by the Company, the Vendor and the Company as the Purchaser's holding company entered into the Agreement with the Vendor in relation to the acquisition of the Production Line. The principal terms of the Agreement are set out below:

Date: 3 August 2023

Parties: (i) the Purchaser;
(ii) the Vendor; and
(iii) the Company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Vendor and its ultimate beneficial owners are Independent Third Parties.

For more details of the Parties, please refer to paragraphs headed "Information of the Parties".

Assets to be acquired

The gold refinery production line has an actual production capacity of up to 300 tons of gold concentrates per day with its end products in the form of metal gold and metal silver as well as copper and lead in the form of mineral concentrates.

Date of delivery

The Completion Date

Consideration and payment terms

The Consideration shall be RMB160,000,000 (equivalent to approximately HK\$175,000,000.00), which shall be satisfied by the Company in the following manner:

- (a) HK\$130,000,000.00 (equivalent to approximate RMB118,857,143.00) shall be satisfied by the Company by issuing the Convertible Bonds to the Vendor and/or its nominee(s) upon the Completion;
- (b) HK\$40,000,000.00 (equivalent to approximate RMB36,571,429.00) shall be satisfied by the Company by issuing the Loan Note to the Vendor and/or its nominee(s) upon the Completion; and
- (c) HK\$5,000,000.00 (equivalent to RMB4,571,428.00) by way of cash upon the Completion.

Further details of the Convertible Bonds and the Loan Note are set out in the sections headed “The Convertible Bonds” and “The Loan Note”, respectively below.

Basis of the Consideration

The Consideration was determined after arm’s length negotiations between the parties having considered the costs of the Production Line. The Consideration will be funded by the internal resources of the Company.

Conditions precedent

Completion is conditional upon fulfilment or waiver (as the case may be) of the following conditions:

- (a) the Vendor’s warranties as set out in the Agreement remaining true and not misleading in all respects; and
- (b) the Listing Committee of the Stock Exchange having granted the listing of and permission to deal in the Conversion Shares.

The Parties shall use its best endeavours to procure the fulfillment of the conditions precedent. The Group may at any time by notice in writing to the Vendor waive in whole or in part and conditionally or unconditionally any of the conditions precedent set out in condition (a) above.

If the conditions precedent have not been satisfied, or where applicable, waived on or before on the Long Stop Date, or such later date as the Parties may agree, the Agreement shall cease and determine immediately on the Long Stop Date (save and except for some clauses which shall continue to have full force and effect), and thereafter neither Vendor nor the Group shall have any obligations and liabilities which have been accrued prior to termination towards each other under the Agreement.

Completion

Completion shall take place within the third Business Day after all the conditions precedent have been satisfied or waived, or such later date as the Parties may agree.

THE CONVERTIBLE BONDS

The Convertible Bonds shall be issued by the Company upon Completion to settle part of the Consideration. The terms of the Convertible Bonds have been negotiated on an arm's length basis and the principal terms of which are summarised below:

Issuer:	The Company
Principal Amount:	HK\$130,000,000.00
Maturity Date:	Two years from the date of the Convertible Bond
Interest Rate:	5% per annum, payable at the maturity date of the Convertible Bond
Adjustments to the Conversion Price:	<p>Subject to the terms and conditions of the Convertible Bonds and compliance with the GEM Listing Rules and other applicable laws and regulations, the Conversion Price shall be adjusted from time to time upon the occurrence of certain events in relation to the Company including but not limited to the following:</p> <ul style="list-style-type: none">(i) if and whenever the number of issued Shares changes by reason of any consolidation or subdivision or reclassification;(ii) if and whenever the Company shall issue (other than fully paid up shares issued from profits or reserves and substituting all or part of the specified declared cash dividend, and scrip dividend arrangement in respect of the annual dividend approved by the Company at the annual general meeting) any Shares credited as fully paid up by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund); and(iii) if and whenever the Company shall make any capital distribution (whether on a reduction of share capital or otherwise) to the Shareholders (in their capacity as such) or is required to grant to such Shareholders the rights to acquire the cash assets of the Company or any of its subsidiaries.

Conversion Shares: Assuming the conversion rights attaching to the Convertible Bonds are exercised in full at the initial Conversion Price of HK\$0.115 per Conversion Share, a maximum of 1,130,434,783 new Shares will be issued upon conversion of the Convertible Bonds (subject to adjustments), which represent (i) 18.88% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 15.88% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares upon full conversion of the Convertible Bonds at the initial Conversion Price.

The Conversion Shares will be issued under the General Mandate. An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

Conversion Period: The Bondholders may convert such Convertible Bonds (in whole or in part) into Conversion Shares during the period commencing from the seventh day after the date of issue of the Convertible Bonds to the seventh day (inclusive) before the maturity date.

Conversion Rights: The Bondholder shall have the rights to convert the principal amount of the Convertible Bonds into Shares during the conversion period at the Conversion Price (subject to adjustments pursuant to the terms and conditions of the Convertible Bonds).

Any conversion shall be made in whole or part of the principal amount of the Convertible Bonds in multiples of HK\$5,000,000.

The Bondholder shall not exercise any conversion rights to such an extent that results or will result in:

- (i) the number of Conversion Shares to be issued in excess of the maximum number of Shares which could be issued under the unutilised portion of the General Mandate after adjustment mechanism being triggered; or
- (ii) the Shares held by the public (as defined in Rule 11.23(7) of the GEM Listing Rules) to fall below 25%, or the numbers of the issued Shares held by the public to fall below such other minimum percentage of the total issued share capital of the Company; or

- (iii) the Bondholder and persons acting in concert with it (as defined in the Takeovers Code) being required to make a general offer to all Shareholders of the Company for all the Shares in accordance with the Takeovers Code.

Ranking: The Conversion Shares, when allotted and issued, shall rank pari passu with all other Shares in issue on the date of conversion of the Convertible Bonds and the Bondholders shall be entitled in respect of its Conversion Shares to all dividends, and other distributions, interests or rights as of the record date which falls after such date of conversion of the Convertible Bond.

Transferability: Subject to the terms and conditions of the Convertible Bonds and compliance with the GEM Listing Rules and other applicable laws and regulations, the Convertible Bonds may be transferred or assigned by the Bondholders in whole or in part in multiples of HK\$5,000,000.00 to any person. There is no lock-up period of or restriction on the dealings in the Conversion Shares held by the Bondholders upon conversion.

Voting Rights: A Bondholder will not be entitled to receive notice of, attend or vote at any meeting of the Company by reason only of it being a Bondholder.

Listing: No application will be made for the listing of the Convertible Bonds on the Stock Exchange or any other stock exchange.

The initial Conversion Price of HK\$0.115 per Conversion Share represents:

- (i) a premium of approximately 4.55% to the closing price of HK\$0.110 per Share as quoted on the Stock Exchange on the date of the Agreement; and
- (ii) a discount of approximately 2.04% to the average closing price of approximately HK\$0.1174 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Agreement.

The Conversion Price was determined based on arm's length negotiations between the Parties with reference to the prevailing market prices of the Shares.

THE LOAN NOTE

The Loan Note shall be issued by the Company upon Completion to settle part of the Consideration.

The terms of the Loan Note have been negotiated on an arm's length basis and the principal terms of which are summarised below:

Issuer:	The Company
The Note Holder:	The Vendor or its nominee(s)
Principal Amount:	HK\$40,000,000.00
Maturity Date:	Two years from the date of the Loan Note
Interest:	5% per annum and be payable upon maturity of the Loan Note
Security and Collateral:	The Loan Note is unsecured and no collateral shall be provided by the Company.
Early Redemption:	Subject to the terms and conditions of the Loan Note, the Company shall at its absolute discretion be entitled to redeem the Loan Note in whole or in part at any time before the maturity date.

INFORMATION OF THE PARTIES

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

The Vendor is a company established under the PRC laws and carrying out the business of construction and installation of inter alia, mineral production facilities.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Agreement is part of the capital investment for the completion of a full mineral concentrates refinery lines of the Purchaser, which shall extend Group's gold industry chain from mining and mineral processing to gold refinery. At its full operation capacity, the actual refinery capacity of the Production Line is up to 300 tons of gold concentrates per day. Under the normal operation conditions, the Production Line at its full capacity can produce up to 4.5 tons of metal gold per year, as well as a certain amount of other co-existing mineral products including metal silver and copper and lead in the form of mineral concentrates. The Acquisition will bring positive impacts on the Group's performance including new products, enlarged production capacity and increased revenues.

The Directors consider that the terms of the Agreement are on normal commercial terms and are fair and reasonable and that the Acquisition is in the interests of the Company and its shareholders as a whole.

GENERAL MANDATE TO ISSUE THE CONVERSION SHARES

The Conversion Shares will be allotted and issued under the General Mandate. The General Mandate entitles the Directors to allot, issue and deal with 1,197,425,728 Shares, being 20% of the number of issued Shares of the Company at the date of the 2022 AGM and up to and including the date of this announcement. As at the date of this announcement, no Shares have been allotted and issued under the General Mandate and the entire unutilised portion of 1,197,425,728 Shares is available for the issue of Conversion Shares.

As a maximum of 1,130,434,783 new Shares can be issued upon conversion of the Convertible Bonds (subject to adjustment), the General Mandate is sufficient for the allotment and issue of the Conversion Shares and the allotment and issue of the Conversion Shares is not subject to approval of the Shareholders. The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below are the shareholding structures of the Company (i) as at the date of this announcement; and (iii) immediately following the issue and allotment of the Conversion Shares upon the exercise of the conversion rights under the Convertible Bonds in full (assuming that there is no issue or repurchase of Shares from the date of this announcement other than the Conversion Shares):

	As at the date of this announcement		Immediately following the issue of the Conversion Shares	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Ma Qianzhou ("Mr. Ma") (Note 1)	4,029,354,894	67.30	4,029,354,894	56.61
Zhao Yuebing ("Ms. Zhao") (Note 1)	179,613,860	3.00	179,613,860	2.53
The Vendor or its nominee(s)	–	–	1,130,434,783	15.88
Other public Shareholders	1,778,159,886	29.70	1,778,159,886	24.98 (Note 2)
	<u>5,987,128,640</u>	<u>100.00</u>	<u>7,117,563,423</u>	<u>100.00</u>

Notes:

- (1) Mr. Ma and Ms. Zhao are spouse.
- (2) It is a term of the Convertible Bond that the Vendor or its nominee may not exercise the conversion right under the Convertible Bond if the public float of the Company shall fall below 25% as required under Rule 11.23(7) of the GEM Listing Rules.

IMPLICATION UNDER THE GEM LISTING RULES

As the highest percentage ratio (as defined under the GEM Listing Rules) in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company under the GEM Listing Rules and is therefore subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

“2022 AGM”	the annual general meeting of the Company held on 22 September 2022
“Acquisition”	the acquisition of the Refinery Machines pursuant to the Agreement
“Agreement”	the sale and purchase agreement dated 3 August 2023 entered into between the Purchaser and the Vendor in respect of the Acquisition
“Board”	the board of Directors
“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 (stock code: 8299)
“Completion”	completion of the Acquisition
“Completion Date”	means the date falling within third Business Days after the all of the conditions precedent have been fulfilled or waived either by the Company and the Vendor
“Consideration”	the consideration for the Acquisition, being RMB160,000,000.00 (equivalent to approximate HK\$175,000,000.00)

“Convertible Bond”	the convertible bonds in aggregate principal amount of HK\$130,000,000.00 to be issued by the Company to the Vendor and/or its nominee(s) as part of the Consideration in relation to the Acquisition
“Directors”	the director(s) of the Company
“GEM”	GEM operated by The Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Mandate”	the general mandate granted by the Shareholders of the Company at the 2022 AGM to the Directors to allot, issue and deal with a maximum of 1,197,425,728 Shares, being 20% of the issued capital of the Company as at the date of the 2022 AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	third party independent of the Company and its connected persons (having the meaning ascribed to it under the GEM Listing Rules)
“Loan Note”	the loan note in aggregate principal amount of HK\$40,000,000.00 to be issued by the Company to the Vendor and/or its nominee(s) as part of the Consideration
“Long Stop Date”	30 September 2023 or any other date as agreed by the Vendor and the Purchaser in writing
“Parties”	the Purchaser, the Vendor and the Company
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan
“Production Line”	gold refinery machinery and ancillary and supporting facilities which form the production line at the gold production plant of the Company with a refinery capacity of up to 300 tons of gold concentrates per day

“Purchaser”	Tongguan Taizhou Mining Company Limited* (潼關縣太洲礦業有限責任公司), a company incorporated under the laws of the PRC and an indirect subsidiary owned as to 72% by the Company
“Shares”	ordinary shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers of Hong Kong
“Vendor”	陝西中峪博建設工程有限公司, in English for identification purpose only, Shaanxi Zhongyubo Construction Engineering Co., Ltd., a company established in the PRC, the majority shareholder of which is Yang Xuefeng
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“percent”	per cent

In this announcement, for the purpose of illustration only, amounts quoted in RMB has been converted into HK\$ at the rate of RMB1.00 to HK\$1.094.

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

Hong Kong, 3 August 2023

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

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Listed Company Information” page of the Stock Exchange’s website at www.hkexnews.hk for at least seven days from the date of its publication and on the websites of the Company at <http://www.grandtg.com/>.

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