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**G&M Holdings Limited**  
**信越控股有限公司**  
*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock code: 6038)**

**DISCLOSEABLE TRANSACTION**  
**ACQUISITION OF MINING RIGHTS**

The board of directors (“**Board**”) of G & M Holdings Limited (“**Company**”) is pleased to announced that G & M Contracting Limited (“**Party B**”, a 51% owned subsidiary of the Company) had entered into the Exclusive Right Agreement on 23 June 2023, pursuant to which Party B has the exclusive right to exploit “Bayantaliin uurhai” coal mine and purchase the coal mined therefrom. The consideration for fulfilment of the Exclusive Right Agreement is RMB27,000,000. Details of the Exclusive Right Agreement and transactions contemplated thereunder are set out below.

**THE EXCLUSIVE RIGHT AGREEMENT**

The key terms of the Exclusive Right Agreement are as fellow.

Date: 23 June 2023

Parties: Party A: Azure Coal Mongol Mining LLC

Party B: G & M Contracting Limited

Mining Right: Party A shall be responsible for handling and guaranteeing that all licenses, geological survey data, various formalities, approvals and documents from relevant government departments regarding the “Bayantaliin uurhai” coal mine, are true, legal, valid, complete and renewed, as well as bearing the related costs.

Party A shall assist Party B to formulate rules and regulations, work guidelines, etc. related to the mine, (including but not limited to labor safety, health, environmental protection and other related rules), which on-site construction personnel shall follow.

Party B shall be solely responsible for the blasting works, earthwork stripping and loading, raw coal mining, raw coal transportation, storage, customs clearance and sales within the scope of the special permit for the mining of “Bayantaliin uurhai” coal mine, as well as bearing the related costs.

Party B shall carry out construction in accordance with the “Mining Design Plan” provided by Party A and approved by the relevant departments.

The Mine

Coal mine name: Bayantaliin uurhai

Exploration/Mining permit: XV-020176/MV-022409

Location: Bayantal “Delger tal”, Govisumber, Mongolia

Tenure:

Thirty years, from 23 June 2023 and ending one 23 June 2053

Exclusivity:

During the tenure, Party B shall be the sole, exclusive and exclusively-mining general contractor approved by Party A. Without written consent from Party B, Party A shall guarantee that it will not enter into any contracted mining contract, cooperative development contract or coal sales contract with any third party in relation to the coal mines under relevant company’s name.

Consideration:

RMB27,000,000 for fulfilment of the Exclusive Right Agreement.

Payment terms:

Consideration is payable in cash within three (3) days of signing of the Exclusive Right Agreement.

Coal selling arrangement:

Party A is to sell the coal mined by Party B under this Exclusive Right Agreement to Party B at a price of RMB50 per ton. Party A is to ensure coal sold to Party B is of standard Qnet, ar≥5200kcal/kg.

Other special conditions:

Party B has an annual mining capacity of more than 1.2 million tons, and will strive to reach a mining scale of 3 million tons per year if the conditions of transportation, customs clearance and sales are met. Party A shall not impose restrictions on the maximum annual mining quantity of Party B and maximum amount of mining shall be permitted without a cap. Party A shall be responsible for all formalities necessary for the personnel, machinery and equipment and supplies required by Party B to complete the corresponding annual production capacity to pass through Mongolian customs smoothly, and Party B shall bear the related costs. Party B shall be responsible for all formalities required for the aforementioned personnel, machinery and equipment and supplies to pass through the relevant customs in the PRC.

The right to use the coal storage site constructed by Party A shall be owned by Party B. From the date that personnel and equipment of Party B enter the site for construction, all operating costs of the coal storage site shall be borne by Party B.

## **REASONS FOR AND BENEFITS OF THE EXCLUSIVE RIGHT AGREEMENT**

The Group's operation at present is predominantly exclusively based in and sourced from Hong Kong and pertained to a single business segment. The Group has accumulated a cash reserve on hand which is more than sufficient to cover the operational funding needs of the Group in the foreseeable future. The Group has been exploring opportunities to diversify its source of income and business operation with a view to enhance its return on capital.

Based on the Group's assessment of the Bayantaliin uurhai coal mine, the transactions contemplated under the Exclusive Right Agreement, the global market conditions for coal, and consumer demand and prices for energy in general, the Company is of the view that entering into of the Exclusive Right Agreement and the transactions contemplated thereunder will provide a steady and reasonable return to the Company, and without any significant adverse implications on the Group's existing operations.

Having taken into account the above factors, the Directors believe that the entering into of the Exclusive Right Agreement and the transactions contemplated thereunder is beneficial to the Company and its shareholders as a whole, and the terms of the Exclusive Right Agreement are on normal commercial terms, and are fair and reasonable, and in the interest of the Company and its shareholders as a whole.

## **INFORMATION OF THE PARTIES**

### **The Company**

The Company is an investment holding company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange. The Group is engaged in the provision of one-stop design and build solutions as well as repair and maintenance services in relation to podium facade and curtain wall works in Hong Kong.

### **Party A**

Party A, Azure Coal Mongol Mining LLC, a company incorporated in Mongolia and engaged in mine contracting, mining consulting and trading of mining equipment. Party A is the owner of the Bayantaliin uurhai coal mine.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Party A and its ultimate beneficial owner(s) are Independent Third Parties of the Company and its connected persons.

## **LISTING RULES IMPLICATIONS**

As one or more applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the entering into of the Exclusive Right Agreement exceeds 5% but all the applicable percentage ratios are less than 25%, the entering into of the Exclusive Right Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements.

## **DEFINITIONS**

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

“Board”	the board of Directors
“Company”	G & M Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 6038)

“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company or any of its connected persons (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By order of the Board  
**G & M Holdings Limited**  
**Lee Chi Hung**  
*Chairman and Executive Director*

Hong Kong, 25 June 2023

*As at the date of this announcement, the Board comprises Mr. Lee Chi Hung and Ms. Lam Suk Yee, Patricia as executive Directors; Mr. Leung Ping Kwan as non-executive Director; and Professor Wong Roderick Sue Cheun, Mr. Tai Kwok Leung Alexander and Mr. Kwan Cheuk Kui as independent nonexecutive Directors.*

*\* English translation of names in Chinese which is marked with “\*” in this announcement is for identification purposes only.*