
CORNERSTONE INVESTOR

THE CORNERSTONE PLACING

We have entered into cornerstone investment agreement with a cornerstone investor (“**Cornerstone Investor**”), pursuant to which the Cornerstone Investor has agreed to subscribe for 198,000,000 Shares at the Offer Price (the “**Cornerstone Placing**”), which represents approximately 9.9% of the Shares issued and outstanding immediately following the completion of the Capitalisation Issue and the Global Offering (without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme).

The Cornerstone Placing forms part of the International Offering. The Offer Shares to be subscribed for by the Cornerstone Investor will rank *pari passu* in all respects with the other fully paid Shares in issue immediately following completion of the Global Offering and to be listed on the Stock Exchange, and will be counted towards the public float of our Company. The Cornerstone Investor will not subscribe for any Offer Shares under the Global Offering other than pursuant to their respective cornerstone investment agreement. Immediately following the completion of the Global Offering, the Cornerstone Investor will neither have any Board representation in our Company, nor will the Cornerstone Investor become a substantial Shareholder (as defined in the Listing Rules).

To the best knowledge of our Directors, (i) the Cornerstone Investor is an Independent Third Party and is not our connected person (as defined in the Listing Rules); (ii) the subscription of the relevant Offer Shares by any of the Cornerstone Investor is not financed (directly or indirectly) by our Company, our Directors, chief executive, our Controlling Shareholder, substantial Shareholders, existing Shareholders or any of our subsidiaries or any of their respective close associates; and (iii) the Cornerstone Investor is not accustomed to take instructions from our Company, our Directors, chief executive, our Controlling Shareholder, substantial Shareholders, existing Shareholders or any of our subsidiaries or any of their respective close associates in relation to the acquisition, disposal, voting or other disposition of the Offer Shares registered in its name or otherwise held by it.

As confirmed by the Cornerstone Investor, its subscription under the Cornerstone Placing would be financed by its own internal financial resources. The Cornerstone Investor has also confirmed that all necessary approvals have been obtained with respect to the Cornerstone Placing, none of the Cornerstone Investor or its shareholders are listed on any stock exchange, no specific approvals from any stock exchange, its shareholder and/or other regulatory authorities are required for the cornerstone investment. There are no side agreements or arrangements between our Group and the Cornerstone Investor or any benefit, direct or indirect, conferred on the Cornerstone Investor by virtue of or in relation to the Cornerstone Placing, other than a guaranteed allocation of the relevant Offer Shares at the final Offer Price.

The Offer Shares to be subscribed by the Cornerstone Investor may be affected by the reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering as described in the section headed “Structure and Conditions of the Global Offering — The Hong Kong Public Offering” in this prospectus. Details of the allocation to the Cornerstone Investor will be disclosed in the announcement of results of allocations in the Hong Kong Public Offering to be published on or around Thursday, 21 December

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2023. Pursuant to the cornerstone investment agreement with the Cornerstone Investor, the Cornerstone Investor will make full payment of its investment amount by the last day of the Hong Kong Public Offering (Hong Kong time), and there is no mechanism for the deferred settlement of the investment amount or deferred delivery arrangement in respect of the Shares to be subscribed by the Cornerstone Investor in the cornerstone investment agreement.

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The Cornerstone Investor, Dongfang Gold Industry (Hong Kong) Limited, has agreed to subscribe for 198,000,000 Shares at the Offer Price. The following tables set forth details of the Cornerstone Placing and approximate percentage of total number of Offer Shares and percentage of total issued share capital of our Company upon Listing, based on different Offer Price scenarios:

Based on Offer Price of HK\$0.75				
(being the high-end of the indicative Offer Price range)				
Cornerstone Investor	Investment Amount	Number of Offer Shares to be subscribed for	Approximate percentage of total number of Offer Shares (without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme)	Approximate percentage of total issued share capital of our Company immediately following the completion of the Global Offering (without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme)
Dongfang Gold Industry (Hong Kong) Limited	<u>HK\$148.5 million</u>	<u>198,000,000</u>	<u>39.6%</u>	<u>9.9%</u>
Total	<u><u>HK\$148.5 million</u></u>	<u><u>198,000,000</u></u>	<u><u>39.6%</u></u>	<u><u>9.9%</u></u>

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Based on Offer Price of HK\$0.65
(being the mid-point of the indicative Offer Price range)

Cornerstone Investor	Investment Amount	Number of Offer Shares to be subscribed for	Approximate percentage of total number of Offer Shares (without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme)	Approximate percentage of total issued share capital of our Company immediately following the completion of the Global Offering (without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme)
Dongfang Gold Industry (Hong Kong) Limited	HK\$128.7 million	198,000,000	39.6%	9.9%
Total	HK\$128.7 million	198,000,000	39.6%	9.9%

Based on Offer Price of HK\$0.55
(being the low-end of the indicative Offer Price range)

Cornerstone Investor	Investment Amount	Number of Offer Shares to be subscribed for	Approximate percentage of total number of Offer Shares (without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme)	Approximate percentage of total issued share capital of our Company immediately following the completion of the Global Offering (without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme)
Dongfang Gold Industry (Hong Kong) Limited	HK\$108.9 million	198,000,000	39.6%	9.9%
Total	HK\$108.9 million	198,000,000	39.6%	9.9%

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Dongfang Gold Industry (Hong Kong) Limited is a limited private company incorporated under the laws of Hong Kong with limited liability on 8 February 2022 and a wholly-owned subsidiary of 山東招金集團招遠黃金冶煉有限公司 (Shandong Zhaojin Group Zhaoyuan Gold Smelting Co., Ltd.*) (“**Shandong Zhaojin Gold Smelting**”). As of the Latest Practicable Date, Shandong Zhaojin Gold Smelting was wholly-owned by 山東招金集團有限公司 (Shandong Zhaojin Group Corporation Limited) and is indirectly ultimately wholly-owned by PRC government authorities. We became acquainted with Shandong Zhaojin Gold Smelting during the ordinary course of business as it is the major shareholder of our principal customer, Shandong Guoda.

During the Track Record Period, save for Shandong Guoda, who is our customer and subcontractor, we did not enter into any transaction with Shandong Zhaojin Gold Smelting or any of its subsidiaries.

Our Directors believe that introducing the Cornerstone Investor to the Global Offering can secure the subscription of a certain amount of the Offer Shares, thus reducing the risk of unsuccessful issuance under volatile market conditions. In addition, our Directors are of the view that the investment of the Cornerstone Investor demonstrates to the potential investors that it is confident in our business and prospects given that the parent companies of Cornerstone Investor are dominant players in both upstream and downstream gold industry in PRC.

CONDITIONS PRECEDENT

The subscription obligation of the Cornerstone Investor is subject to, among other things, the following conditions precedent:

- (a) the Hong Kong Underwriting Agreement and the International Underwriting Agreement being entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in these underwriting agreements, and neither of the aforesaid underwriting agreements having been terminated;
- (b) the Offer Price having been agreed upon among our Company, the Overall Coordinator and the Sole Global Coordinator (on behalf of the Underwriters);
- (c) the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in, the Shares (including the Shares to be subscribed for by the Cornerstone Investor) as well as other applicable waivers and approvals and that such approval, permission or waiver having not been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;
- (d) no laws shall have been enacted or promulgated by any governmental authority which prohibits the consummation of the transactions contemplated in the Global Offering or under the cornerstone investment agreement and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and

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- (e) the representations, warranties, undertakings, confirmations and acknowledgements of the Cornerstone Investor under the cornerstone investment agreement are accurate and true in all respects and not misleading and that there is no breach of the cornerstone investment agreement.

RESTRICTIONS ON DISPOSAL BY THE CORNERSTONE INVESTOR

The Cornerstone Investor has agreed that without the prior written consent of each of our Company, the Overall Coordinator, the Sole Global Coordinator and the Sole Sponsor, it will not, whether directly or indirectly, at any time during the period of twelve (12) months from the Listing Date, dispose of any of the relevant Offer Shares or any interest in any company or entity holding any of the relevant Offer Shares including any securities convertible into or exchangeable or exercisable for or that represent the right to receive any of the foregoing securities, save for certain limited circumstances, such as transfers to any of its wholly-owned subsidiaries who will be bound by the same obligations of the Cornerstone Investor.