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Hong Kong Gold Industry Group Limited
香港黃金產業集團有限公司

(formerly known as Add New Energy Investment Holdings Group Limited)

(愛德新能源投資控股集團有限公司)

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 02623)

**CHANGE IN THE USE OF PROCEEDS FROM RIGHTS ISSUE;
SUPPLEMENTAL ANNOUNCEMENT
IN RELATION TO
PLACING OF NEW SHARES UNDER GENERAL MANDATE;
AND
UPDATE ON THE MINING BUSINESS OF THE GROUP**

CHANGE IN THE USE OF PROCEEDS FROM THE RIGHTS ISSUE

Reference is made to the prospectus of Hong Kong Gold Industry Group Limited (the “**Company**”) dated 6 March 2026 in relation to the rights issue on the basis of one (1) rights share for every two (2) existing Shares at the subscription price of HK\$2.88 per rights share (the “**Rights Issue Prospectus**”) and the announcement of the Company dated 27 March 2026 regarding the results of the Rights Issue (“**Results Announcement**”). Unless otherwise specified, capitalised terms used herein shall have the same meanings as those defined in the Rights Issue Prospectus.

Use of Proceeds from the Rights Issue

As disclosed in the Results Announcement, the gross proceeds from the Rights Issue were approximately HK\$504.4 million and the net proceeds from the Rights Issue (“**Rights Issue Proceeds**”), after deducting all related expenses for the Rights Issue, were approximately HK\$503.4 million.

It was stated in the section headed “Reasons for and benefits of the Rights Issue and use of proceeds” of the letter from the Board in the Rights Issue Prospectus that the Company intended to use the Rights Issue Proceeds for the following purposes:

- (a) approximately HK\$352.4 million or 70.0% of the Rights Issue Proceeds will be assigned for pursuing suitable acquisition and/or investment opportunities (the “**Investment and Acquisition Use**”);
- (b) approximately HK\$75.5 million or 15.0% of the Rights Issue Proceeds will be used to supplement the Group’s working capital in respect of Group’s trading business and/or operations of the Zhuge Shangyu Ilmenite Mine;
- (c) approximately HK\$50.3 million or 10.0% of the Rights Issue Proceeds will be assigned for working capital in connection with any companies and/or businesses to be acquired or invested in by the Group in future (the “**Target Working Capital Use**”); and
- (d) approximately HK\$25.2 million or 5.00% of the Rights Issue Proceeds will be assigned for the costs and expenses for office and administration, professional and compliance, corporate governance, investor relations, and other business and strategic development of the Group.

Changes in use of Rights Issue Proceeds

As at 30 June 2026, the net proceeds of approximately HK\$50.3 million for the Target Working Capital Use under the above paragraph (c) remain unutilised.

In light of the reasons set out in the section below, the Board resolved to change the use of proceeds for the Target Working Capital Use to the Investment and Acquisition Use instead (the “**Reallocation**”). Save as the aforesaid, all other allocations remain unchanged.

Set out below is the detailed information, as at 30 June 2026, of the status on the allocation and the utilisation of the Rights Issue Proceeds, and the change in the use of the Rights Issue Proceeds as resolved by the Board:

	Rights Issue Proceeds raised (HK\$'000)	Breakdown of utilisation up to 30 June 2026	Utilised Rights Issue Proceeds up to 30 June 2026 (HK\$'000) (approx.)	Unutilised Rights Issue Proceeds as at 30 June 2026 (HK\$'000) (approx.)	Revised unutilised Rights Issue Proceeds (HK\$'000) (approx.)	Expected timeline for unutilised Rights Issue Proceeds
Investment and Acquisition Use	352,400	Settlement of consideration for Placement Acquisition	218,916	37,506	87,806	To be fully utilized as intended by 31 December 2026
		Listed Securities Acquisition (Listed Target A)	26,999			
		Listed Securities Acquisition (Listed Target B)	55,552			
		Listed Securities Acquisition (Listed Target C)	7,623			
		Acquisition costs of membership of Hong Kong Gold Exchange and all related expenses (Note)	5,804			
			314,894			
Supplementing working capital in respect of Group's trading business and/or operations of the Zhuge Shangyu Ilmenite Mine	75,500	Working capital of the trading business comprising procurement cost of minerals for trading	56,625	0	N/A	N/A
		Operation expenses of Zhuge Shangyu Ilmenite Mine, comprising, among others, employee-related costs, site operation and maintenance expenses, utilities, accommodation and other general operational expenses	18,875			
			75,500			
Target Working Capital Use	50,300	N/A	0	50,300	0	N/A

	Rights Issue Proceeds raised (HK\$'000)	Breakdown of utilisation up to 30 June 2026	Utilised Rights Issue Proceeds up to 30 June 2026 (HK\$'000) (approx.)	Unutilised Rights Issue Proceeds as at 30 June 2026 (HK\$'000) (approx.)	Revised unutilised Rights Issue Proceeds (HK\$'000) (approx.)	Expected timeline for unutilised Rights Issue Proceeds
For the costs and expenses for office and administration, professional and compliance, corporate governance, investor relations, and other business and strategic development of the Group	25,200	Office and administrative costs and expenses, comprising, among others, Directors' fees, staff-related costs, rental and insurance expenses utilities, bank charges, and other general office and administrative expenses	9,209	70	N/A	To be fully utilized as intended by 31 July 2026
		Professional and compliance costs and expenses, comprising, among others, service fees for legal and compliance advisors, auditors, environment and social governance expert, valuer, company secretarial service providers, financial consultants and head hunters	7,366			
		Investor relations cost and expenses, comprising, among others, advertising fees	8,555			
			<u>25,130</u>			
Total	<u>503,400</u>		<u>415,524</u>	<u>87,876</u>		

Note: For the relevant definitions and further details, please refer to the section “Further information regarding the Placing - Further information on the reason for the Placing” in this announcement.

Reasons for the change in use of Rights Issue Proceeds

Reference is made to the announcements of the Company dated 30 March 2026 and 24 April 2026 (the “**Partnership Announcements**”) in relation to the formation of Jiangxi Lianhe Enterprise Management Centre (Limited Partnership)* (江西聯合企業管理中心(有限合夥)) (the “**Partnership**”).

Pursuant to the relevant partnership agreement (as supplemented), the Group (a) is required to contribute RMB108 million (equivalent to approximately HK\$124.2 million, and which includes the initial capital contribution payable by the Group) to the registered capital of the Partnership by 31 December 2026, and (b) has additionally undertaken to provide additional capital contribution to the Partnership of not more than RMB149 million (equivalent to approximately HK\$171.4 million). As at the date of this announcement, approximately RMB17.5 million (equivalent to approximately HK\$19.9 million at the exchange rate of RMB0.8807 to HK\$1) of the RMB108 million capital contribution has been paid by the Group to the Partnership. The Partnership is accounted for using equity method in the consolidated financial statements of the Company.

Since March 2026 and up to the date of this announcement, the Partnership has been negotiating to acquire certain equity interests in Guixi Baojia Mining Co., Ltd.* (貴溪鮑家礦業有限公司) (“**Guixi Baojia**”), a company engaged in the mining and processing of non-ferrous metals such as silver, lead and zinc (the “**Baojia Acquisition**”). As the current principal investment target for the Partnership is Guixi Baojia, the Group intends to settle the entire outstanding capital contribution of approximately RMB90.5 million (the “**Outstanding Capital Contribution**”) to the Partnership after the formal equity transfer agreement for the Baojia Acquisition (“**Baojia SPA**”) has been signed and completed (which are targeted to take place on or before 31 December 2026), subject to the actual terms of the Baojia SPA agreed upon between the parties. In anticipation of the Baojia Acquisition materialising and completing within 2026, the Board resolved that the Rights Issue Proceeds allocated towards the Target Working Capital Use shall be reallocated towards the Investment and Acquisition Use to settle part of the Outstanding Capital Contribution.

The Board believes that the Reallocation will enable the Group to fulfil such funding commitments in a timely manner without jeopardising the Baojia Acquisition, if and after the Baojia SPA is signed and completed.

The primary objective of the partners (the “**Partners**”) in establishing the Partnership was to first jointly invest in Guixi Baojia and to explore other potential investment and acquisition opportunities thereafter. In the event that the Baojia Acquisition does not materialise, the Partners may no longer use the Partnership for such strategic exploration purpose, and the Group intends to seek to dissolve the Partnership by way of mutual agreement in accordance with the terms of the partnership agreement (as supplemented). Given such mutual objective of the Partners, the Board considers the risk of the Partners failing to reach a mutual agreement in dissolving the Partnership to be remote. The Company shall make further announcement to provide Shareholders and investors of the Company with an update on the Baojia Acquisition and/or the dissolution of the Partnership (as the case may be) in due course.

If the Baojia Acquisition does not materialise and the Group is no longer required to pay the Outstanding Capital Contribution to the Partnership due to its dissolution, the Group will instead apply such Rights Issue Proceeds allocated to the Investment and Acquisition Use to pursue other acquisition and/or investment opportunities in strategic interests in target companies engaged in or in possession of, among others, quality mines and natural resource assets. The approximate RMB17.5 million already paid to the Partnership would also be refunded to the Group to be used in accordance with the said purpose.

Given that the Investment and Acquisition Use and the Target Working Capital Use are both intended to support the business diversification efforts of the Group, adjusting the use of the Rights Issue Proceeds between the two uses remains consistent with this overarching purpose, and allows the Group to deploy its finance resources more effectively. Accordingly, the Directors are of the view that the Reallocation is in the interests of the Company and the Shareholders as a whole. Should the companies or business invested in or acquired by the Group in the future have working capital needs, the Company may explore other modes of financing to meet such obligations.

The Board considers that the Reallocation will not have any material adverse impact on the existing business and operations of the Group.

FURTHER INFORMATION REGARDING THE PLACING

Reference is made to the announcement (the “**Announcement**”) of the Company dated 18 June 2026 in relation to the proposed placing of new shares of the Company under general mandate. Capitalised terms used in this announcement have the same meanings as those defined in the Announcement unless defined otherwise herein.

The Board would like to provide the following additional information in relation to the Placing.

Further Information On The Reason For The Placing

(a) Details of the Group’s business diversification plans and implementation progress made

The Group has been steadily implementing its strategy to diversify its existing mining and mineral trading business to include other mineral resources, such as gold and silver, through the acquisition of and/or investment in strategic interests in target companies engaged in or in possession of, among other things, quality mines and natural resource assets, to allow the Group to build an extensive portfolio of long-term cash generating investments. The Board believes that such diversification of the Group’s business and income streams may help the Group mitigate the risks associated with dependence on a limited commodity range and hedge its exposure to commodity market fluctuations. Given the strong prices commanded by gold and silver in recent years, the Board considers that expanding the Group’s portfolio to include such resources, as well as other precious and non-ferrous metals, may help with attracting a broader investor base, thereby enhancing the Company’s valuation and market profile, while also providing a hedge against commodity cycles.

As part of such diversification business plans, the Company had subscribed for an aggregate of 36,574,077 shares in Maritana Minerals Limited (formerly known as Horizon Minerals Limited) (“**MRT**”), a company whose shares are listed on the Australian Securities Exchange (ASX: MRT), pursuant to its placement announced in February 2026 (the “**Placement Acquisition**”) at a total consideration of approximately A\$39.5 million (equivalent to approximately HK\$218.8 million, using an illustrative exchange rate of A\$1 to HK\$5.54). MRT has identified its Burbanks project as a significant asset with promising gold resources, and taking into account, among others, the strategic location of its nickel processing facility that was being refurbished to process gold, the Board had determined that MRT demonstrated strong prospects of becoming a vertically-integrated gold processing hub. As at the date of this announcement, the first and second tranche of the Placement Acquisition has been completed, and the Company is awaiting to obtain requisite approval from the relevant regulatory authority in Australia. Completion of the Placement Acquisition took place on 14 April 2026, upon which the Company held approximately 9.8% of the total issued shares of MRT. Assuming completion of the sale and purchase agreement dated 30 March 2026 in relation to the acquisition by the Company of an aggregate 37,700,000 shares in MRT (the “**March MRT Acquisition**”), the Company is expected to hold approximately 19.97% of the total issued shares of MRT as at 30 June 2026. As at the date of this announcement, the March MRT Acquisition has yet to be completed as approval from the Foreign Investment Review Board of Australia, being one of the conditions precedent to completion, has not yet been obtained. Barring unforeseen circumstances, it is expected that the March MRT Acquisition shall be completed in the second half of 2026. Further announcement will be made by the Company from time to time to provide updates on the status of the March MRT Acquisition. The Group’s interests in MRT have been accounted for as long-term investment financial asset at fair value in the consolidated financial statements of the Company. For further details of the Placement Acquisition and the March MRT Acquisition, please refer to the announcements of the Company dated 23 February 2026, 30 March 2026 and 14 May 2026.

In addition, as disclosed above, the Group had also entered into a partnership agreement in March 2026 for the joint formation of the Partnership, which serves as an investment and shareholding platform through which the Group may pursue potential strategic acquisition and/or investment opportunities in relation to target companies engaged in or in possession of, among other things, quality mines and natural resource assets. As part of the Group's business diversification plans, the Partnership is currently in the process of negotiating the terms of the Baojia Acquisition.

On top of the above transactions that are already underway, to go further in implementing its diversification plans, the Company intends to use the net proceeds from the Placing of approximately HK\$93.2 million (the “**Placing Proceeds**”) to pursue suitable investments and/or acquisition opportunities in target companies having mining operations for gold, silver and/or other precious or non-ferrous metals in the PRC or overseas. When evaluating such opportunities, the Board shall pay regard to the following factors:

- (i) resources and reserves of the mines held by such target companies: the Group shall commission and analyse geological reports and/or resource verification reports by independent third parties, including reviewing reserve calculations;
- (ii) track record and expected profitability in the short-term and long-term: the Group shall review design proposals in relation to, among others, geology, mining, and mineral processing, in conjunction with assessment of actual operational data, so as to identify areas requiring attention and improvement and prepare an internal project report. Using various price scenarios, the Group would be able to generate a final assessment of short and long-term profitability; and

- (iii) the applicable compliance requirements under the Listing Rules: given that the Group's mining operations are still at a pre-production stage with limited mining activities, pending the commencement of full commercial production and operation of the new processing plant at the Zhuge Shangyu Ilmenite Mine, its financial performance metrics remain temporarily constrained. As a result, any relatively sizeable acquisition or investment may be subject to shareholders' approval under the Listing Rules, which may require additional time, costs and effort to complete and may cause the Group to miss suitable investment opportunities in a competitive market. In particular, having regard to the change in control of the Company following the acquisition of approximately 55.66% of the issued share capital of the Company by HKGG Holdings Limited (formerly known as Prominence Investment Holding Company Limited) on 15 October 2025, the Directors will also need to consider whether any contemplated acquisition or investment may constitute, or be regarded by the Stock Exchange as, a reverse takeover under the Listing Rules. The compliance requirements applicable to such transactions may be extensive and, depending on the circumstances, may render certain acquisition or investment opportunities impracticable or unfeasible for the Group to pursue.

Specifically, the Group intends to apply the Placing Proceeds towards strategic investment in and/or acquisition of one to two target company(ies), with an aim of obtaining equity stake of not less than 20% therein, subject however, to the size of such proposed transactions, the availability of such opportunities in the market and the negotiation process taking into account the counterparties' demands. As mining projects are typically capital intensive, operationally complex and inherently risky due to the potential uncertainty associated with resource and reserve exploration and estimation as well as the volatility of the commodity market, the acquisition of the entire or controlling interests of a mining project could present considerable risk and financial burden to the Group. It is therefore the Group's intention to first acquire at least 20% interest so that the Group may, where appropriate, participate in or have a degree of influence over the management and operations of the target company(ies), establish strategic exposure to such target company(ies) and their mining resources and reserves, and facilitate the exploration of further strategic cooperation opportunities with such target company(ies). Depending on the abovementioned factors, the outcome of the Group's evaluation process detailed above and potential opportunity cost to make other more suitable or appropriate investments in the short-term, the Group may increase its shareholding and control over these target company(ies) when appropriate. Doing so would allow the Group to prudently assess the soundness and growth prospects of the target company(ies) on one hand while also limiting the potential exposure of the Group to possible financial risk associated with underperformance on the other, and is therefore in line with the Group's diversification plan to branch out into other mineral resources to create a portfolio of long-term cash generating investments in the mining industry.

In identifying potential acquisition and investment opportunities, for target companies in the PRC, the Company would place emphasis on those owning gold and silver mining projects in the PRC that are either already in production or preparing to do so; for target companies overseas, it is envisaged that the Company would focus on those with adequate resource reserve growth and with similar mining and processing techniques employed as those in the PRC, thereby enabling the Group to better utilise its experience in production, operations, and management, to identify cost-effective mining projects.

Pending the application of the Placing Proceeds for the aforementioned purpose, the Company will not utilise such proceeds to make short-term strategic securities investments, and will deposit such proceeds into interest-bearing bank accounts of the Group until deployment thereof.

(b) Utilisation status of the Rights Issue Proceeds

The Group had, as at 30 June 2026, applied approximately HK\$314.9 million of the Rights Issue Proceeds dedicated to the Investment and Acquisition Use. Set forth below are the details of such applications:

- (i) Approximately HK\$218.9 million towards the Placement Acquisition, as to approximately HK\$68.9 million for the first tranche (equivalent to approximately A\$12.4 million using an illustrative exchange rate of A\$1 to approximately HK\$5.5500) and approximately HK\$150.1 million for the second tranche (equivalent to approximately A\$27.1 million using an illustrative exchange rate of A\$1 to approximately HK\$5.5386);

- (ii) Approximately HK\$90.2 million towards the purchase of securities in listed companies (the “**Listed Securities Acquisitions**”) principally engaged in the exploration, mining and/or processing of gold (the “**Listed Targets**”), the details of which are set out in the following table:

			Total number of shares purchased (approximate)	Aggregate consideration HK\$ (approximate)	Percentage of total issued shares of the Listed Targets (approximate)
	Period of purchase	Listed Target			
1.	February to May 2026	Listed Target A (Note 1)	25 million	27 million	1%
2.	May to June 2026	Listed Target B (Note 2)	128 million	56 million	1%
3.	May to June 2026	Listed Target C (Note 3)	10 million	8 million	Less than 1%

Notes:

- Listed Company A is a company incorporated in the Cayman Islands whose shares are listed on the Stock Exchange and is principally engaged in the exploration, mining and processing of gold. No dividend had been recommended for the year ended 31 December 2025.
- Listed Company B is a company incorporated in the Cayman Islands whose shares are listed on the Stock Exchange and is principally engaged in the gold mining business. No dividend had been recommended for the year ended 31 March 2026.
- Listed Target C is a company incorporated under the laws of the province of British Columbia, Canada, whose shares are listed on the Toronto Stock Venture Exchange, and is a mining company focused on the exploration, development, and operation of mining properties in the PRC. Special dividend of US\$0.00525 per share had been announced and declared during the year ended 31 December 2025.

The Listed Securities Acquisitions were conducted on-market and therefore at market price of the relevant securities at the time of purchase, and did not constitute notifiable transactions of the Company under Chapter 14 of the Listing Rules. The Group had determined that the businesses of the Listed Targets showed promising prospects, and with a view to securing opportunities for strategic collaborations with them in future, the Group decided to enter into the Listed Securities Acquisitions, notwithstanding that not all of the Listed Targets had recommended dividends for the most recent financial year. Such investments could have the effect of aligning the interests of the Listed Targets as investee and the Group as a shareholder, encouraging the parties to support and develop the Listed Targets' growth and success together, while also signalling confidence in the Listed Targets' management, strategy, and long term prospects, thereby facilitating discussions at the negotiation table with such investee entities. The strategic collaborations may involve identifying, evaluating and investing in potential gold mining projects, leveraging their technical expertise and resources to strengthen the capabilities and business performance of the Group's existing investment projects, and/or establishing joint ventures. While no formal agreement has yet been reached with the Listed Targets, the Group has in fact been in contact and negotiating with members of the senior management of the Listed Targets to explore possible business cooperation. Taking into account their promising gold resources and reserves according to their respective financial reports, as well as the fact that they had all exhibited positive financial performance according to their respective latest financial reports, the Directors considered that the Listed Securities Acquisitions were suitable and long-term strategic investments that would allow the Group's businesses to expand further into the gold mining industry, and were therefore in line with the Investment and Acquisition Use; and

- (iii) Approximately HK\$5.8 million towards the acquisition costs for the Operation Status B membership of the Hong Kong Gold Exchange (the “**Membership**”) and all related expenses comprising associated stamp duties and legal fees. The Membership was acquired by the Group through the acquisition of a company that held one share in Hong Kong Gold Exchange Limited (“**HKGEL**”) and an Operation Status B membership on the Hong Kong Gold Exchange. Pursuant to a sale and purchase agreement dated 16 February 2026, Active Fortune Group Limited (being a wholly-owned subsidiary of the Company) agreed to purchase, and Mr. Ng Mau Chung, an independent third party, agreed to sell, the entire issued shares of Lucky Leader Gold Trader Limited at the consideration of HK\$5.7 million (the “**Member Acquisition**”). Such consideration had been determined by the parties following arm’s length negotiations with reference to the market price for such similar Membership. The Member Acquisition did not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules nor a connected transaction of the Company under Chapter 14A of the Listing Rules. Upon completion of the Member Acquisition which took place in April 2026, the Group came to indirectly hold the one HKGEL share (representing approximately 0.68% of the shares of HKGEL in issue as at the date of this announcement) and the Operation Status B membership through its shareholding in Lucky Leader Gold Trader Limited. Such shareholding is recognised at cost as an intangible asset with indefinite useful life in the consolidated financial statements of the Company.

The Operation Status B membership category allows the member to conduct proprietary trading of traditional physical gold on the Hong Kong Gold Exchange, and had been obtained with a view to develop business opportunities related to gold, silver and other precious metals, to explore innovative products in the precious metals industry and to establish relationships for potential cooperation with industry players in the Hong Kong, PRC and international gold markets. While the Company does not currently intend to conduct proprietary trading of physical gold, and such trading of gold may also be conducted outside of the Hong Kong Gold Exchange, the Membership plays a vital role in equipping the Group with insight as to where potential opportunities lie within the industry and how best to capture them. Specifically, the Hong Kong Gold Exchange is a well-recognised industry body comprising 147 exchange shareholder members; having regard to the formal vetting and approval process before admission, the Membership allows the Group to tap into a quality network of industry players, which may lead to partnerships in, or referrals for, potential business ventures relating to gold and silver and the trading thereof. The Board believes that such relationships are invaluable for sourcing, identifying and capturing opportunities in the gold and silver sectors. It also enables the Group to access front-line insights on policy developments, regulatory updates, strategies and plans affecting domestic and overseas gold and silver markets through seminars and conferences, which can enhance the Group's technical knowledge of the gold industry and supply chain and grasp of emerging trends, thereby enabling the Group to better formulate its future development plan and long-term strategy for participation in such markets. Having regard to the above, the Board is of the view that the Membership forms part of the Group's initiative to explore the feasibility of developing potential business and/or partnership ventures in the gold industry and to expand the Group's existing mining and mineral business to include gold, rather than the launch of a new business.

(c) Funding of existing commitments and the business operations of the Group

Furthermore, as disclosed in the section headed “Reasons for the change in use of Rights Issue Proceeds”, the Group has maximum funding commitments (including those undertaken) of RMB257 million (equivalent to approximately HK\$295.6 million) to the capital contribution of the Partnership under the relevant partnership agreement (as supplemented), and the Group expects to settle the Outstanding Capital Contribution of approximately RMB90.5 million after the Baojia SPA has been signed and completed (which are targeted to take place on or before 31 December 2026), subject to the actual terms of the Baojia SPA agreed upon between the parties. As to the maximum capital contribution of RMB 149 million undertaken by the Group, it is expected that assuming the Baojia SPA will be signed within 2026, barring any unforeseen circumstances, such shall be paid on or before 31 December 2026, to be funded by existing financial resources of the Group and loans from a controlling shareholder of the Company, HKGG Holdings Limited (formerly known as Prominence Investment Holding Company Limited) (“**HKGG**”). Accordingly, the unutilised Rights Issue Proceeds of approximately HK\$86.3 million as at 30 June 2026 designated for the Investment and Acquisition Use would not be sufficient for meeting the funding commitments in connection in with the Partnership, let alone for the Group to pursue other suitable opportunities in future, and it is expected that the shortfall shall be funded by the Group’s internal financial resources and/or loans from the controlling shareholders of the Company, HKGG.

Taking into account the abovementioned expenditures and commitments, as well as the prevailing market conditions, the recent trading prices of the Shares, and the needs of the Group’s business development plans, the Board determined that there was an immediate need to undertake further fundraising in order for the Group to pursue additional investment and/or acquisition opportunities for business diversification purposes, and that the Placing would represent an opportune and appropriate timing to broaden the Company’s shareholder and capital base, optimize its financial structure, and ensure sufficient liquidity is readily available for potential strategic growth opportunities.

While the Group has approximately RMB240.2 million in cash and cash equivalents as at 31 December 2025 and not more than approximately HK\$230 million as at 30 June 2026, the Group must reserve and apportion sufficient cash to support its existing business operations in the PRC, to meet its payment obligations with its creditors from time to time as and when the same becomes due and repayable (including but not limited to the amount owed by the Group to the former controlling shareholder of the Company which amounted to RMB486.7 million as at 31 December 2025), and also to meet the funding needs of its processing plant at the Zhuge Shangyu Ilmenite Mine. Capital expenditures for the upgrade of the processing plant at the Zhuge Shangyu Ilmenite Mine for each of the four years ended 31 December 2022, 2023, 2024 and 2025 amounted to approximately RMB188.2 million, RMB97.0 million, RMB145.3 million and RMB301.5 million, respectively, while capital expenditure expected to be incurred during the year ended 31 December 2026 shall be not less than approximately RMB100 million (subject to audit and adjustment upon review by auditors of the Company), of which approximately 60% has been paid as at 30 June 2026 using the Group's existing financial resources, with the remaining approximate 40% to be incurred during the second half of 2026 to be funded by existing financial resources reserved for the Zhuge Shangyu Ilmenite Mine, and if required due to any unforeseen circumstances, loans to be advanced by a controlling shareholder of the Company. Based on the current development plans for the upgrade of the processing facilities of the Zhuge Shangyu Ilmenite Mine, it is expected that the capital expenditure to be incurred in connection with such upgrade in the years ending 31 December 2027 and 2028 would be approximately RMB10 million and RMB20 million, respectively, which shall be funded by internal financial resources of the Group, and no additional material capital expenditure is expected to be incurred in respect of such upgrade after 2028. Having regard to the aforesaid expected capital expenditures, approximately RMB80 million funding from cash and cash equivalents for the Group has been reserved for the upgrade of the Zhuge Shangyu Ilmenite Mine.

Given that the Company is a mining company currently in its “build” phase, its financial performance is constrained due to the sustained development expenditure and absence of operating revenue from mining activities, pending commencement of full commercial production and operation of the processing plant. The Directors also believed it would be prudent to secure more funding by equity financing at this time for the Group's business development plans, such that it can set aside a greater proportion of existing financial reserves to cope with potential operating risks during this delicate stage of development, and address its existing internal funding commitments and fulfil external obligations.

(d) Need for readiness to capture investment and/or acquisition opportunities as and when they arise

The Board notes that in recent years, gold, silver and other precious and non-ferrous metals have attracted sustained market interest, supported by global economic uncertainties and their role as store-of-value assets. Notwithstanding the relatively strong commodity price environment, mining projects, particularly projects at the exploration, development or construction stages, are typically capital intensive and require substantial upfront investment prior to the commencement of commercial production. Moreover, pursuing quality mines and natural resource assets would naturally affect the consideration payable given that the better the grade and the more sizeable quantity of the mine resource and reserve, the higher the valuations for such target projects. Consequently, and with reference to the valuations and considerations commanded by the Placement Acquisition and the Baojia Acquisition, there are opportunities for well-positioned investors to invest in or acquire interests in such projects at attractive valuations, including those requiring funding support to progress towards production and to capture potential upside from favourable commodity markets. Although the Group has not yet confirmed the investment or acquisition of any particular identified target as at the date of this announcement, the Group has been actively conducting feasibility studies on more than seven mining projects and is under negotiations with counter parties on a continuous basis as to potential acquisitions of equity interests in those companies. The Placing Proceeds are expected to be fully utilised within one year from the completion of the Placing. Taking into account the above circumstances, if the right opportunity arises for acquiring or investing in targets whose specifications meet the above requirements, there may be immediate funding needs. The Board was therefore of the view that there was an imminent need for securing timely funding through the Placing to allow the Group to ensure adequate capital and financial flexibility so that it may promptly capture such business opportunities as and when they arise. Any delay in pulling together the funds to pursue such opportunities would not be in the interest of the Company and its Shareholders as a whole. The Company will make further announcement as required under the Listing Rules to keep its Shareholders and potential investors informed of any material development in connection with any potential acquisition and/or investment opportunities pursued.

The Company does not currently intend to carry out any further fundraising activities before all the unutilised Rights Issue Proceeds and the Placing Proceeds are substantially utilised.

The above supplemental information does not affect other information contained in the Announcement and save as disclosed above, all other information therein remains unchanged.

UPDATE ON THE MINING BUSINESS OF THE GROUP

As of the end of the first half of 2026, civil construction for the first phase of the processing plant has been completed. Save for a certain portion of the dust extraction system which is expected to be installed within the third quarter of 2026, all other machinery and equipment in connection with the first phase of construction has been installed. During the first half of 2026, the Group has systematically continued testing, trial-production and commissioning the individual equipment used throughout the various stages of mineral processing as well as integrated trial production using the 300,000 tonnes of ilmenite ores extracted from the Zhuge Shangyu Ilmenite Mine in 2025. As the production line remains under trials and commissioning and certain parameter metrics have not yet met the required standards, additional time is required to further fine-tune and adjust the specifications. No further extraction activities have taken place at the Zhuge Shangyu Ilmenite Mine during the six months ended 30 June 2026, as the Group continued to rely solely on the ilmenite ores extracted last year for such trials and commissioning. Considering that continued use of the production line for integrated commissioning would result in exorbitant labour and electricity costs and other expenses, the Group has adopted newly procured laboratory equipment for mineral processing commissioning to reduce costs. It is intended that after the results of the laboratory equipment commissioning have met the required standards, large-scale mining and pilot-scale mineral processing will commence. Based on the results to date, it is expected that the trials and commissioning would be completed in the second half of 2026. Whether production can commence within 2026 will depend on the trial and commissioning results of the production parameters and processes for each stage of the production line.

The construction project for the upgrade of the Zhuge Shangyu Ilmenite Mine processing facilities also involves: (i) a living office area, which interior finishing work is currently underway; (ii) a science and technology centre whose construction has yet to commence as at the date of this announcement; and (iii) production automation, for which most of the machinery and equipment installation has been completed.

To lay the groundwork for the full production capacity of the mining business, the Group will apply for a new mining permit with an approved annual mining production scale of 4 million tonnes. Due to work delays, the consulting firm engaged by the Group had been unable to issue the necessary feasibility report by the required deadline, so the Group is currently still in the process of preparing the relevant documentation to be submitted. Based on the latest status of the preparation, and assuming that there are no changes in the regulatory requirements in the meantime, the management expects that the application for the new mining permit may be submitted in or around September 2026 at the earliest.

By order of the Board
Hong Kong Gold Industry Group Limited
Wei Jiaming
Chairperson of the Board and Executive Director

Hong Kong, 29 July 2026

In this announcement, unless otherwise stated, an illustrative exchange rate of RMB0.87 = HK\$1 has been adopted. Such exchange rate has been used, where applicable, for purpose of illustration only and does not constitute representation that any amounts were or may have been exchanged at such rate or any other rates.

As at the date of this announcement, the executive Directors are Ms. Wei Jiaming (Chairperson of the Board), Mr. Geng Guohua (Chief Executive Officer), Mr. Ng Hoi Kam, Mr. Liao Daxue, Mr. Chen Hongzheng and Mr. Tong Jiwen; the non-executive Directors are Mr. He Guangping (Vice-chairman of the Board), Mr. Xia Chun, Mr. Wang Dong, Mr. Zhao Ju, Ms. Cheng Yan and Mr. Liu Haitian; and the independent non-executive Directors are Mr. Xie Jie, Mr. Yuan Yuan, Mr. Yan Jonathan Jun, Mr. Zhou Ming, Mr. Leung Wai Fung, Joseph and Mr. Jiang Lanxin.