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**潼關黃金集團有限公司**  
**Tongguan Gold Group Limited**

*(Incorporated in Bermuda with limited liability)*  
**(Stock Code: 00340)**

**DISCLOSEABLE TRANSACTION IN RELATION TO  
THE ACQUISITION OF 100% SHARE CAPITAL IN TARGET COMPANY  
INVOLVING ISSUE OF CONSIDERATION SHARES  
UNDER SPECIFIC MANDATE**

**THE ACQUISITION**

On 7 March 2025, the Purchaser and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell the Sale Share at the Consideration of not more than HK\$400,000,000, which shall be settled by way of the issue of the Consideration Shares under the Specific Mandate. Details of the Consideration are set out in the paragraph headed “Consideration and Payment Terms”.

As at the date of this announcement, the Target Company, through the Project Company, holds 70% economic benefits of the Exploration Licences pursuant to the Cooperation Agreement.

Upon Completion, the Target Company will become a wholly owned subsidiary of the Company.

**IMPLICATIONS OF THE LISTING RULES**

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition, is more than 5% but all of the applicable percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

The SGM will be convened and held for the Shareholders to consider, and if thought fit, to approve the Sale and Purchase Agreement and the transactions contemplated thereunder, including the Specific Mandate.

A circular containing, among other things, information on the Acquisition, the issue of the Consideration Shares and notice of the SGM will be despatched to the Shareholders as soon as practicable.

As Completion is subject to the fulfilment of the conditions precedent in the Sale and Purchase Agreement, which include the approval of the Shareholders at the SGM of the Sale and Purchase Agreement and the transactions contemplated thereunder, including the Specific Mandate, the Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

## THE ACQUISITION

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The details of the Sale and Purchase Agreement are as follows:

The Sale and Purchase Agreement

**Date:** 7 March 2025

**Parties:**

- (a) the Purchaser, a wholly-owned subsidiary of the Company (as the Purchaser)
- (b) the Vendor (as the Vendor)

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.

### Subject matter

Pursuant to the Sale and Purchase Agreement, the Purchaser has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell the Sale Share, representing 100% of the total issued share capital of the Target Company as at the date of this announcement.

## Consideration and Payment Terms

The Consideration shall be no more than HK\$400,000,000, which would be settled by the allotment and issue of a maximum of 800,000,000 Consideration Shares by the Company at the Issue Price of HK\$0.5 per Consideration Share on the Completion Date to the Vendor (or its designated nominee).

The Consideration was determined by the Vendor and the Company after arm's length negotiations taking into account, among other things, (i) the business growth and prospects of the Target Group; (ii) the recent trend of international gold prices and the contributing factors of its rally; (iii) the factors as set out in the section headed "Reasons for and benefits of the Acquisition"; and (iv) the valuation of the 100% equity interest of the Project Company using the market approach to be prepared by an independent valuer appointed by the Company before Completion ("**Valuation**"), which is preliminarily estimated by the Vendor and the Company to be about HK\$400,000,000 and in any event not less than HK\$200,000,000.

The exact amount of the Consideration payable at Completion will be determined with respect to the following formula:

$$\text{Consideration} = (\text{amount of Valuation} / \text{HK\$400,000,000}) \times \text{HK\$400,000,000}$$

Taking into account the above, in particular, that the Consideration will be adjusted based on the final Valuation, the Directors are of the view that the Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## Consideration Shares

A maximum of 800,000,000 Consideration Shares represents (i) approximately 19.65% of the existing issued share capital of the Company; and (ii) approximately 16.43% of the Company's issued share capital as enlarged by the issue of the Consideration Shares (assuming there is no other change in the issued share capital of the Company from the date of this announcement and up to the Completion). The Consideration Shares will be allotted and issued under the Specific Mandate to be sought and approved by the Shareholders at the SGM. The Consideration Shares when allotted and issued shall be credited as fully paid and rank pari passu with all other Shares in issue in the share capital of the Company.

Application will be made by the Company to the Listing Committee for the approval for the listing of, and permission to deal in, the Consideration Shares. The issue price of HK\$0.5 per Consideration Share represents:

- (i) a discount of approximately 16.67% to the closing price of HK\$0.60 per Share as quoted on the Stock Exchange on 7 March 2025, being the date of the Sale and Purchase Agreement;

- (ii) a discount of approximately 3.85% to the average closing price per Share as quoted on the Stock Exchange for the last 5 consecutive full trading days prior to the date of the Sale and Purchase Agreement, being approximately HK\$0.52 per Share;
- (iii) same as the average closing price per Share as quoted on the Stock Exchange for the last 30 consecutive full trading days prior to the date of the Sale and Purchase Agreement, being approximately HK\$0.50 per Share;
- (iv) a premium of approximately 2.04% over the average closing price per Share as quoted on the Stock Exchange for the last 60 consecutive full trading days prior to the date of the Sale and Purchase Agreement, being approximately HK\$0.49 per Share; and
- (v) a premium of approximately 2.04% over the average closing price per share as quoted on the Stock Exchange for the last 90 consecutive full trading days prior to the date of the Sale and Purchase Agreement, being approximately HK\$0.49 per Share.

The Company considers the Issue Price, which was determined after arm's length negotiation between the Group and the Vendor, to be fair and reasonable having considered, among other things, (i) that the issue of Consideration Shares as the Consideration would enable the Company to acquire the controlling interest in the Target Group without causing an undue burden on the Company's cash flow; (ii) the Issue Price represents a premium over the medium-term average closing price per Share; and (iii) the reasons for and benefits of the Acquisition as described in the paragraph headed "Reasons for and benefits of the Acquisition".

### **Conditions precedent**

Completion is conditional upon the satisfaction (or waiver, if applicable) of all of the following conditions:

- (i) the completion of a due diligence review on the Target Group (in particular the Project Company) by the Purchaser to the reasonable satisfaction of the Purchaser;
- (ii) the receipt of a valuation report in the form and substance acceptable to the Purchaser from an independent valuer of international standing appointed by the Purchaser and showing the value of 100% equity interest of the Target Group of not less than HK\$200,000,000;
- (iii) the Exploration Licences continues to be valid and not having been revoked or suspended for whatever reason;

- (iv) the receipt by the Purchaser of a report issued to the Company from a qualified technical expert acceptable to the Purchaser relating to the state and condition of the Gold Mines, and confirming the resources of gold within the Gold Mines, in form and substance acceptable to the Purchaser;
- (v) the passing of the resolution by the Shareholders in general meeting approving the Sale and Purchase Agreement and the transactions contemplated thereunder, including the Specific Mandate;
- (vi) the Listing Committee having granted the approval for the listing of, and the permission to deal in, the Consideration Shares;
- (vii) all other requisite consents, authorisations and approvals (or, as the case may be, the relevant waiver) in connection with the entering into and performance of the terms of the Sale and Purchase Agreement having been obtained by the respective parties to the Sale and Purchase Agreement (including but not limited to the necessary consent from the Stock Exchange, if any);
- (viii) none of the warranties made by the Vendor under and other provisions of the Sale and Purchase Agreement having been breached in any material respect (or, if capable of being remedied, has not been remedied), or (in respect of any of the aforesaid warranties) is misleading or untrue in any material respect; and
- (ix) Mr. Ma having duly executed a waiver to waive all the outstanding amounts due to him from the Target Group as of the Completion Date.

The Purchaser shall have the right to waive the conditions precedent above (save for the conditions (v), (vi) and (vii), which cannot be waived). Save as aforesaid, if the conditions precedent as set out in the Sale and Purchase Agreement have not been fulfilled (or, where applicable, waived by the Purchaser) on or before the Longstop Date, whichever is earlier (or such other date as the parties may agree in writing), neither the Purchaser nor the Vendor shall be obliged to proceed with Completion.

## **Completion**

Completion shall take place on the Completion Date.

Upon Completion, the Target Company will become a wholly owned subsidiary of the Company. The results and assets and liabilities of the Target Group will be consolidated with, and accounted for as subsidiaries, in the Company's consolidated financial statements.

## **INFORMATION ON THE PARTIES**

### **Information of the Purchaser**

The Purchaser is an investment holding company incorporated in BVI with limited liability and a wholly-owned subsidiary of the Company.

### **Information of the Vendor**

The Vendor is a company incorporated in the Republic of Seychelles with limited liability and is an investment holding company. The Vendor is the sole beneficial owner of the entire issued share capital of the Target Company. To the best of the Director's knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Vendor is ultimately beneficially owned by Mr. Ma. Mr. Ma has over five years of experience in mining industry.

## **INFORMATION ON THE TARGET GROUP**

The Target Company is an investment holding company that was incorporated in the Republic of Seychelles with limited liability on 9 May 2024. As at the date of this announcement it is wholly-owned by the Vendor.

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

The principal asset of the Target Company is its indirect interest in the Project Company. The Project Company is a limited liability company incorporated under the laws of the PRC on 15 June 2023. As at the date of this announcement, the Project Company is indirectly wholly-owned by the Target Company.

The Target Group is principally engaged in the business of investment in exploration activities, specifically targeting in gold mineral exploration investment. As at the date of this announcement, the Target Company, through the Project Company, holds 70% economic benefits of the Exploration Licences pursuant to the Cooperation Agreement.

Set out below is a summary of the unaudited financial information on the Target Group prepared in accordance with the Hong Kong Generally Accepted Accounting Principles for the two years ended 31 December 2024:

	<b>For the year ended 31 December 2023 HK\$'000</b>	<b>For the year ended 31 December 2024 HK\$'000</b>
Turnover	—	—
Net loss before taxation	—	(68)
Net loss after taxation	—	(68)
Net asset value	—	1,012

Details of Gold Mines are as follows.

### THE GOLD MINES

The Gold Mines are located in Subei County in the Gansu Province of the PRC. The Gold Mines comprise of three Exploration Licences covering with a total area of 35.5km<sup>2</sup>.

As at the date of this announcement, the Target Group holds 70% economic benefits of the Exploration Licences, details of which are as follows:

<b>Licence holder</b>	<b>Exploration licence number</b>	<b>Area (km<sup>2</sup>)</b>	<b>Validity period</b>
Northeast Mining	T6200002022014050056664	3.63	January 2022 to January 2027
Northeast Mining	T6200002022014050056665	1.22	January 2022 to January 2027
Northeast Mining	T6200002022014050056666	30.65	January 2022 to January 2027

Each of the Project Company and Northeast Mining holds 70% and 30% of the economic benefits arising from the Exploration Licences respectively pursuant to the Cooperation Agreement.

## REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is engaged in exploration, mining, processing, smelting and sales of gold and related products in China. The Company is a limited liability company incorporated in Bermuda. The principal activity of the Company is investment holding.

As disclosed in the Company's annual report for the financial year ended 31 December 2023, the Group is proactively exploring various long-term value-added investment opportunities for Shareholders and believes this is in the interests of maximizing Shareholders values.

As such, the Directors believe that the Acquisition, if materialised, enables the Group to acquire the entire economic benefits of the Exploration Licences and the Group will be able to further and significantly expand its own mineral portfolio to support the sustainable development of the Group in respect of growth and profit potential. Accordingly, the Directors are of the view that the Acquisition is on normal commercial terms, fair and reasonable and in the interest of the Company and its shareholders as a whole.

## CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

For illustrative purposes only, set out below is a summary of the shareholdings in the Company (i) as at the date of this announcement; and (ii) immediately after the allotment and issue of the maximum number of the Consideration Shares (assuming that there is no other change in the share capital of the Company):

Shareholders	As at the date of this announcement		Immediately after the allotment and issue of the maximum number of Consideration Shares	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
Qinlong Jinxin Mining Investment Limited	1,186,334,000	29.15%	1,186,334,000	24.36%
Lam Yuk Ying	330,000,000	8.11%	330,000,000	6.78%
Fung Wai Enterprises Ltd.	600,000,000	14.74%	600,000,000	12.32%
Chen Dengguang	205,250,000	5.04%	205,250,000	4.21%
The Vendor (or its designated nominee)	—	—	800,000,000	16.43%
Other public Shareholders	1,748,688,221	42.96%	1,748,688,221	35.90%
Total	<u>4,070,272,221</u>	<u>100.00%</u>	<u>4,870,272,221</u>	<u>100.00%</u>



## IMPLICATIONS OF THE LISTING RULES

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition, is more than 5% but all of the applicable percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

## GENERAL

The SGM will be convened and held for the Shareholders to consider, and if thought fit, to approve the Sale and Purchase Agreement and the transactions contemplated thereunder, including the Specific Mandate.

A circular containing, among other things, information on the Acquisition, the issue of the Consideration Shares, and notice of the SGM will be despatched to the Shareholders as soon as practicable.

**As Completion is subject to the fulfilment of the conditions precedent in the Sale and Purchase Agreement, which include the approval of the Shareholders at the SGM of the Sale and Purchase Agreement and the transactions contemplated thereunder, including the Specific Mandate, the Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.**

## DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Acquisition”	the proposed acquisition of the Sale Share by the Purchaser from the Vendor pursuant to the Sale and Purchase Agreement
“Board”	the board of Directors of the Company
“Business Day(s)”	any day (except a Saturday, Sunday and public holiday) on which banks in Hong Kong are open to the general public for business
“BVI”	the British Virgin Islands
“Company”	Tongguan Gold Group Limited (潼關黃金集團有限公司), a limited company incorporated in Bermuda with limited liability and the Shares of which are listed on the main board of the Stock Exchange

“Completion”	the completion of the Acquisition contemplated under the Sale and Purchase Agreement
“Completion Date”	on or before the fifth Business Day following the date on which the last conditions precedent set out in the Sale and Purchase Agreement has been fulfilled (or otherwise waived) or such other date as the parties may agree in writing
“connected persons”	has the same meaning ascribed to it under the Listing Rules
“Consideration”	the consideration in respect of the Acquisition
“Consideration Shares”	a maximum of 800,000,000 new Shares to be allotted and issued on the Completion Date to the Vendor at the Issue Price of HK\$0.5 per Share as consideration for the Acquisition
“Cooperation Agreement”	the mining and exploration cooperation agreement entered into between Northeast Mining and the Project Company on 20 June 2023 in relation to, among others, providing the funding for the exploration of the Gold Mines under Exploration Licences
“Director(s)”	the director(s) of the Company
“Exploration Licences”	the licences authorizing Northeast Mining to conduct exploration activities at the Gold Mines
“Gold Mines”	the beidong gold mine* (北東金礦) and the 460 gold mine* (460金礦) located in the Subei County, Gansu Province of the PRC
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owner(s), to the best knowledge, information and belief of the Directors and having made all reasonable enquiries, are third parties independent of the Company and its connected persons

“Issue Price”	the issue price of HK\$0.5 per Consideration Share
“km <sup>2</sup> ”	square kilometer
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange
“Longstop Date”	12 months from the date of the Sale and Purchase Agreement or any other date which may be agreed by the Vendor and the Purchaser in writing
“Mr. Ma”	Mr. Ma Hao (馬浩)
“Northeast Mining”	Subei County Holezadegai Northeast Mining Co., Ltd.* (肅北縣霍勒扎德蓋北東礦業有限責任公司), a company incorporated in 14 March 2007 with limited liability and an indirectly wholly-owned subsidiary of the Company
“PRC” or “China”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Project Company”	Subei Mongolian Autonomous County Yixin Mining Development Co., Ltd.* (肅北蒙古族自治縣億鑫礦業開發有限公司), a company established in the PRC with limited liability and an indirectly wholly-owned subsidiary of the Target Company
“Purchaser”	Grand Gallant Investments Limited, a company incorporated in BVI with limited liability and a wholly-owned subsidiary of the Company
“Sale and Purchase Agreement”	the sale and purchase agreement entered into between the Purchaser and the Vendor on 7 March 2025 in relation to the Acquisition
“Sale Share”	one share of the Target Company, representing 100% of the total issued share capital in the Target Company as at the date of this announcement and at Completion
“SGM”	the special general meeting of the Company to be convened and held for the Shareholders to consider, and if thought fit, to approve the Sale and Purchase Agreement and the transactions contemplated thereunder, including the Specific Mandate

“Share(s)”	ordinary share(s) of HK\$0.1 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Specific Mandate”	the specific mandate to be sought from the Shareholders at the SGM and to be granted to the Board for the allotment and issue of the Consideration Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Wise Trend Investment Limited, an investment holding company incorporated in Republic of Seychelles with limited liability
“Target Group”	the Target Company and its subsidiaries from time to time, including without limitation, the Project Company
“Vendor”	Jumbo China Holding Limited (浩華控股有限公司), a company incorporated in Republic of Seychelles with limited liability which is wholly-owned as to by Mr. Ma Hao (馬浩)
“%”	per cent

By order of the Board  
**Tongguan Gold Group Limited**  
**Yeung Kwok Kuen**  
*Executive Director and Chief Financial Officer*

Hong Kong, 7 March 2025

*As at the date of this announcement, the board of directors of the Company comprises Mr. Jiang Zhiyong, Mr. Shi Xingzhi, Mr. Shi Shengli, Mr. Yeung Kwok Kuen and Ms. Feng Fangqing as executive Directors, Mr. Chu Kang Nam, Mr. Liang Xushu and Mr. Leung Ka Wo as independent non-executive Directors.*

\* *Unofficial English translation denotes for identification purposes only*