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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)

SUBSCRIPTION FOR NEW SHARES UNDER THE GENERAL MANDATE

The Board is pleased to announce that on 8 April 2025, (i) the Company and the Subscriber A entered into the Subscription Agreement A pursuant to which the Company agreed to issue (pursuant to the General Mandate), and the Subscriber A agreed to subscribe for, an aggregate of 159,420,000 Subscription Shares at the Subscription Price of HK\$0.69 per Share; and (ii) the Company and the Subscriber B entered into the Subscription Agreement B pursuant to which the Company agreed to issue (pursuant to the General Mandate), and the Subscriber B agreed to subscribe for, an aggregate of 168,000,000 Subscription Shares at the Subscription Price of HK\$0.69 per Share.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Subscribers is an Independent Third Party. The Company will use the net proceeds from the Subscription of HK\$225,469,800 in the manner set out in the paragraph headed "USE OF PROCEEDS" of this announcement.

The Subscription is conditional upon the granting of approval for the listing of and permission to deal in the Subscription Shares. Application will be made to the Listing Committee of the Stock Exchange for the same.

As the Subscription is subject to the satisfaction of the Condition Precedent and may or may not proceed to Completion, Shareholders and prospective investors of the Company are advised to exercise caution when dealing in the Shares.

THE SUBSCRIPTION AGREEMENTS

Subscription Agreement A

Date: 8 April 2025

Parties:

- (a) the Company; and
- (b) the Subscriber A.

The Subscriber A is an international business company incorporated in the Republic of Seychelles and wholly owned by Mr. Hui Kok Min (許國明), an Independent Third Party. The Subscriber A is principally engaged in private equity investment in the stocks and bonds in secondary market in the greater China regions.

Subscription Agreement B

Date: 8 April 2025

Parties:

- (a) the Company; and
- (b) the Subscriber B.

The Subscriber B is a limited liability company incorporated in Hong Kong with limited liability and wholly-owned by Zijin Mining Group Company Limited* (紫金礦業集團股份有限公司), a joint stock limited company incorporated in the PRC, the H shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2899) and the A shares of which are listed on the Shanghai Stock Exchange of the PRC (Stock Code: 601899). The Subscriber B is a mining company principally engaged in precious metal related investments and sales activities.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquires, each of the Subscribers and its ultimate beneficial owner is an Independent Third Party. As at the date of this announcement, each of the Subscribers does not have any interest in the Shares. It is expected that, neither of the Subscribers will become a substantial Shareholder (as defined in the Listing Rules) of the Company immediately upon Completion of the respective Subscription.

The Subscription

Pursuant to the Subscription Agreement A, the Company agreed to issue (pursuant to the General Mandate), and the Subscriber A agreed to subscribe for, the Subscription Shares A at the Subscription Price (payable in full at Completion).

Pursuant to the Subscription Agreement B, the Company agreed to issue (pursuant to the General Mandate), and the Subscriber B agreed to subscribe for, the Subscription Shares B at the Subscription Price (payable in full at Completion).

The Subscription Shares

The total number of Subscription Shares A is 159,420,000 Shares, which represents approximately 3.92% of the existing total number of issued Shares and approximately 3.63% of the enlarged total number of issued Shares immediately following the Completion.

The total number of Subscription Shares B is 168,000,000 Shares, which represents approximately 4.13% of the existing total number of issued Shares and approximately 3.82% of the enlarged total number of issued Shares immediately following the Completion.

The aggregate nominal value of the Subscription Shares is HK\$32,742,000.

The Subscription Price

The Subscription Price of HK\$0.69 per Subscription Share represents:

- (i) a discount of approximately 19.8% to the closing price of HK\$0.86 per Share as quoted on the Stock Exchange on the Last Trading Date;
- (ii) a discount of approximately 19.8% to the average of the closing price of HK\$0.86 per Share quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Date; and
- (iii) a discount of approximately 16.9% to the average of the closing price of HK\$0.83 per Share quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Date.

The aggregate Subscription Price of HK\$225,919,800 is payable in cash by wire transfer by the Subscribers on or before Completion.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscribers taking into account the prevailing market price of the Shares, the Group's historical performance and present financial position as well as current market conditions. The Board (including all independent non-executive Directors) considers that the Subscription Price and the terms of the Subscription Agreements are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Ranking

The Subscription Shares, when issued and fully paid, will rank pari passu in all respects with Shares in issue at the time of allotment and issue of the Subscription Shares.

Condition Precedent

Completion of the Subscription Agreements is conditional upon:

- (i) the listing of, and permission to deal, in all the Subscription Shares has been granted by the Listing Committee of the Stock Exchange (and such permission and listing not subsequently being revoked prior to the delivery of definitive share certificate(s) representing the Subscription Shares);
- (ii) all necessary consents, authorizations and licenses have been obtained by the parties in accordance with applicable laws, regulations, rules and their respective articles of association in relation to the Subscription Agreements and the transactions contemplated thereunder, and such consents, authorizations and licenses have not been revoked, revoked or cancelled;
- (iii) save as filing with China Securities Regulatory Commission, any action, consent or approval required to be taken by any government agency, regulatory authority (including but not limited to the Stock Exchange, the SFC or Chinese regulatory authorities) or other third party, or any filing required to be made with them in order to complete the transactions contemplated thereby have been taken, made or completed, and the Company has complied with all relevant provisions of the Listing Rules and other relevant regulatory requirements;
- (iv) the Subscribers have completed due diligence on the Group to their satisfaction; and
- (v) the representations, warranties and undertakings made by the Company contained in the Subscription Agreements remain true and accurate and not misleading.

Save for Condition Precedent (iv) and (v), which can be waived by the related Subscriber in writing, none of the above conditions precedent can be waived by any party to the respective Subscription Agreement. In the event that the above Condition Precedent cannot be fulfilled on or before 31 May 2025 (or such other date as agreed between the parties in writing), the respective Subscription Agreement will lapse and become null and void forthwith and the parties thereto shall be released from all obligations thereunder save in respect of any antecedent breach of any obligation thereof.

Completion

Under each Subscription Agreement, the Completion shall take place within five (5) Business Days immediately after the date upon which the last of the Condition Precedent shall have been satisfied or any other date as agreed by the related Subscriber and the Company in writing.

The Subscription Agreements are not conditional upon each other.

USE OF PROCEEDS

The gross proceeds from the issue of the Subscription Shares will amount to HK\$225,919,800. The net proceeds from the Subscription after deducting related expenses payable by the Company will amount to HK\$225,469,800 and the net price is approximately HK\$0.69 per Subscription Share. The Directors intend to apply the net proceeds as follows:

- (i) approximately HK\$80,000,000 for the development of the mining production line with production capacity of 450 tons of gold concentrates per day;
- (ii) approximately HK\$50,000,000 for conducting the mines drilling activities;
- (iii) approximately HK\$20,000,000 for the construction of dormitory and related facilities at the mining locations of the Group;
- (iv) approximately HK\$13,000,000 for green mining construction; and
- (v) the remaining proceeds for replenishing the working capital of the Group.

GENERAL MANDATE TO ISSUE SHARES

The Subscription Shares will be allotted and issued pursuant to the General Mandate and will not be subject to further Shareholders' approval. As at the date of this announcement, the General Mandate has not been utilised. The 327,420,000 Subscription Shares will utilise the General Mandate as to approximately 40.22%.

REASONS FOR AND BENEFIT OF THE SUBSCRIPTION

The Company is an investment holding company incorporated in Bermuda. The Group is principally engaged in gold mining operations and gold recycling.

The Directors consider that the Subscription will provide additional funding for the Company's business operation, and it shall also strengthen the capital base of the Company. The Directors (including all of the independent non-executive Directors) are of the view that the Subscription is in the interests of the Company and the Shareholders as a whole and the issue of the Subscription Shares is an appropriate means of raising additional capital for the Company since it will provide the Company with immediate funding and the capital base of the Company will be enlarged. The Directors consider that the terms of the Subscription Agreements are fair and reasonable.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS PRIOR TO THE DATE OF THIS ANNOUNCEMENT

The Company has not conducted any equity fund raising activities in the past twelve months immediately prior to the date of this announcement.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the total number of issued Shares is 4,070,272,221. The following table is only for illustrative purposes which sets out the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately following the Completion, assuming there will be no change in the total number of Shares in issue (other than the issue of the Subscription Shares) between the date of this announcement and the date of issue of the Subscription Shares.

	As at the date of this announcement		Immediately following the Completion	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
Qinlong Jinxin Mining Investment Limited	1,186,334,000	29.15%	1,186,334,000	26.98%
Lam Yuk Ying	330,000,000	8.11%	330,000,000	7.50%
Fung Wai Enterprises Ltd.	600,000,000	14.74%	600,000,000	13.64%
Chen Dengguang	205,250,000	5.04%	205,250,000	4.67%
The Subscriber A	—	—	159,420,000	3.63%
The Subscriber B	—	—	168,000,000	3.82%
Other public Shareholders	<u>1,748,688,221</u>	<u>42.96%</u>	<u>1,748,688,221</u>	<u>39.76%</u>
Total	<u><u>4,070,272,221</u></u>	<u><u>100.00%</u></u>	<u><u>4,397,692,221</u></u>	<u><u>100.00%</u></u>

As the Subscription is subject to the satisfaction of the Condition Precedent and may or may not proceed to Completion, Shareholders and prospective investors of the Company are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“Board” the board of Directors of the Company;

“Business Day(s)” any day (other than a Saturday, Sunday and public holiday) on which licensed banks in Hong Kong are open for business throughout their normal business hours;

“Company”	Tongguan Gold Group Limited, a company incorporated under the laws of Bermuda with limited liability and the shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 00340);
“Completion”	completion of the Subscription pursuant to the Subscription Agreements;
“Completion Date”	any day within five (5) Business Days immediately after the date upon which the last of the Condition Precedent shall have been satisfied (or waived by the related Subscriber in writing) or any other date as agreed by the related Subscriber and the Company in writing;
“Condition Precedent”	the condition precedent in respect of the Completion set out in the Subscription Agreements;
“connected person”	has the meaning ascribed to it under the Listing Rules;
“Directors”	the directors of the Company;
“General Mandate”	the general mandate granted to the Directors at the annual general meeting held on 31 May 2024 to allot, issue or otherwise deal in up to 814,054,444 additional Shares;
“Group”	the Company and its subsidiaries;
“Independent Third Party(ies)”	an independent third party not connected with the Company and its subsidiaries, their respective directors, chief executives and substantial shareholders and any of their associates within the meaning of the Listing Rules;
“Last Trading Date”	7 April 2025, being the last full trading day of the Shares on the Stock Exchange immediately prior to the release of this announcement;
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange;
“PRC”	The People’s Republic of China;
“SFC”	The Securities and Futures Commission;
“Share(s)”	the ordinary share(s) of HK\$0.1 each in the issued share capital of the Company;
“Shareholder(s)”	Shareholders of the Company;

“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscriber A”	Grand Perception Singapore Global Investment Limited (高燁新加坡環球投資有限公司), an international business company incorporated in the Republic of Seychelles and wholly owned by Mr. Hui Kok Min (許國明);
“Subscriber B”	Zijin Metal Company Limited (紫金金屬有限公司), a company incorporated in Hong Kong with limited liability and wholly-owned by Zijin Mining Group Company Limited* (紫金礦業集團股份有限公司), a joint stock limited company incorporated in the PRC, the H shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2899) and the A shares of which are listed on the Shanghai Stock Exchange of the PRC (Stock Code: 601899);
“Subscribers”	Subscriber A and Subscriber B;
“Subscription”	the subscription by Subscriber A for, and the allotment and issue by the Company of, the Subscription Shares A under the terms and subject to the conditions of the Subscription Agreement A; and/or the subscription by Subscriber B for, and the allotment and issue by the Company of, the Subscription Shares B;
“Subscription Agreement A”	the conditional subscription agreement dated 8 April 2025 entered into between the Company and the Subscriber A in relation to the Subscription;
“Subscription Agreement B”	the conditional subscription agreement dated 8 April 2025 entered into between the Company and the Subscriber B in relation to the Subscription;
“Subscription Agreements”	Subscription Agreement A and Subscription Agreement B;
“Subscription Price”	HK\$225,919,800, being the aggregate subscription price for the Subscription Shares and representing a subscription price of HK\$0.69 per Subscription Share;
“Subscription Shares A”	the 159,420,000 new and fully paid Shares to be subscribed for by the Subscriber A under the Subscription Agreement A;
“Subscription Shares B”	the 168,000,000 new and fully paid Shares to be subscribed for by the Subscriber B under the Subscription Agreement B;

“Subscription Shares”

Subscription Shares A and Subscription Shares B; and

“%”

per cent.

By order of the Board

Tongguan Gold Group Limited

Yeung Kwok Kuen

Executive Director and Chief Financial Officer

Hong Kong, 8 April 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, and Mr. Chu Kang Nam, Mr. Liang Xushu and Mr. Leung Ka Wo as independent non-executive directors.

** For identification purpose only.*