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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 GRAND GALLANT INVESTMENTS LIMITED

THE ACQUISITION

On 7 July 2023 (after trading hours), the Company (as purchaser), the Vendor and the Guarantors entered into the Agreement, pursuant to which the Company agreed to purchase, and the Vendor agreed to sell the Sale Shares at the Consideration of HK\$339,000,000, which shall be settled by way of the issue of the Consideration Shares. 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 Target Group, holds the Mining Licences and the Exploration Assets in respect of the Gold Mines.

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.

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The details of the Agreement are as follows:

The Agreement

Date 7 July 2023 (after trading hours)

Parties

The Purchaser: The Company

The Vendor: Qinlong Jinxin Mining Investment Limited, an investment holding company indirectly wholly-owned by Ms. Jiang who indirectly holds 63.3% of the Vendor and Ms. Lo who indirectly holds 36.7% of the Vendor, and which as at the date of this announcement indirectly holds 100% of the total issued share capital of the Target Company.

The Guarantors: (1) Ms. Jiang; and

(2) Ms. Lo,

being the ultimate beneficial owners of the Vendor.

Pursuant to the Agreement, the Guarantors unconditionally and irrevocably guarantee to the Company the due and punctual performance by the Vendor of all its obligations under the Agreement (whether directly or indirectly), including but not limited to, the Vendor's warranties under the Agreement. The Guarantors also undertake to indemnify the Company and keep the Company fully indemnified against all liabilities, losses, costs, expenses and damage by reason of or in connection with any failure of the Vendor to perform any of its obligations contained in the Agreement. Until the Vendor's obligations under the Agreement have been fully discharged and waived, the Guarantors' obligations under the Agreement will remain in effect.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Vendor together with the Guarantors are Independent Third Parties.

Subject matter

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

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

The Target Group is principally engaged in the exploration and mining of gold and related minerals. As at the date of this announcement, the Target Group holds the Mining Licences and the Exploration Assets in respect of the Gold Mines. Detailed information on the Target Group is set out in the paragraph headed "Information on the Target Group" of this announcement.

Consideration and Payment Terms

The Consideration shall be HK\$339,000,000 by the allotment and issue of 678,000,000 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).

Consideration Shares

The Consideration Shares represent (i) approximately 19.99% of the existing issued share capital of the Company, and (ii) approximately 16.66% of the Company's issued share capital as enlarged by the issue of the Consideration Shares. The Consideration Shares will be allotted and issued under the General Mandate. 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 Stock Exchange 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 16.7% to the closing price of HK\$0.60 per Share as quoted on the Stock Exchange on 7 July 2023, being the date of the Agreement;
- (ii) a discount of approximately 18.0% 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 Agreement on 7 July 2023, being approximately HK\$0.61 per Share;

- (iii) a discount of approximately 15.3% to 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 Agreement on 7 July 2023, being approximately HK\$0.59 per Share;
- (iv) a premium of approximately 4.2% to 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 Agreement on 7 July 2023, being approximately HK\$0.48 per Share; and
- (v) a premium of approximately 8.7% to 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 Agreement on 7 July 2023, being approximately HK\$0.46 per Share.

The Company considers the Issue Price, which was determined after arm's length negotiation between the Company 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 Gold Mines 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; and (iii) the reasons for and benefits of the Acquisition as described in the paragraph headed "Reasons for and benefits of the Acquisition".

Basis of the Consideration

The consideration in respect of the Acquisition is HK\$339,000,000, which is slightly lower than the Valuation provided by the Independent Valuer. The Consideration was determined by the Vendor and the Company after arm's length negotiations taking into account, among other things, (i) the financial performance, 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"; with reference to (iv) the independent technical assessment prepared by SRK of the resources estimation on the Gold Mines and an Independent Technical Report of the Gold Mines prepared by SRK in accordance with the JORC Code; (v) the Valuation Report of the Target Group using the market approach prepared by the Independent Valuer; and (vi) in consideration of the fact that no valuation was assigned to the Exploration Assets in the Acquisition since no material resources have been identified as of the date of the agreement.

Taking into account the above, in particular, that the Consideration represents a discount to the 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.

Conditions precedent

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

- (i) the Company shall have completed, to its sole and absolute satisfaction, a due diligence review on the Target Group (in particular the Project Company) in respect of their business operation, financial status, asset/liabilities and other related issues to be determined by the Company;
- (ii) the Company having obtained from a qualified PRC legal adviser a legal opinion with respect to the PRC entities of the Target Group in terms of related issues (in particular the legality of the Acquisition of the Target Group, the legality and validity of the interest in the Project Company indirectly held by the Target Company within the PRC and the validity of the Mining Licences and the Exploration Assets), and that the Company being satisfied with such legal opinion;
- (iii) from the date of signing of the Agreement till Completion, there having not been any abnormal operations or any material adverse changes in the business, prospects, operations, performance or finance in respect of the Target Group;
- (iv) the warranties given by the Vendor in the Agreement remaining true, accurate and not misleading at the date of the Agreement and up to and including the Completion Date;
- (v) all necessary consents and approvals in respect of the Acquisition have been obtained from the relevant governmental or regulatory bodies, and no governmental or regulatory bodies has proposed, issued or adopted any orders, laws, regulations or decisions to disallow or restrain Completion from taking place; and
- (vi) the Stock Exchange has granted approval for the listing of, and the permission to deal in, the Consideration Shares.

The Company shall have the right to waive the conditions precedent above (save for the condition (vi), which cannot be waived). Save as aforesaid, if the conditions precedent as set out in the Agreement have not been fulfilled (or, where applicable, waived by the Company) on or before 31 December 2023, neither the Company 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.

GENERAL MANDATE TO ISSUE THE CONSIDERATION SHARES

The maximum number of Shares which may be allotted and issued under the General Mandate is 678,454,444 Shares. Up to the date of this announcement, the General Mandate has not been utilized since its grant. The issue of the Consideration Shares is not subject to Shareholders' approval.

INFORMATION ON THE TARGET GROUP

The Target Company is an investment holding company that was incorporated in the BVI with limited liability on 6 January 2009. As at the date of this announcement, it is wholly-owned by the Vendor. The principal asset of the Target Company is its 100% indirect equity interest in the Project Company.

The Target Group is principally engaged in the exploration and mining of gold and related minerals by underground mining method. As at the date of this announcement, the Target Group holds the Mining Licences and Exploration Assets in respect of the Gold Mines and owns and operates the Processing Plants which provide the maximum processing capacity at 1,200 tonnes daily.

Other than the Project Company, Jiuquan Chuangjin and Tianshui Xindu, none of the members of the Target Group has conducted any business activities since their respective incorporations nor do they hold any other material assets as at the date of this announcement.

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 2022:

	For the year ended	
	31 December	
	2022	2021
	HK\$'000	HK\$'000
Revenue	278,995	333,096
Net (loss)/profit (before taxation)	(28,977)	10,744
Net (loss)/profit (after taxation)	(24,060)	5,712

The unaudited net asset value of the Target Group as at 31 December 2022 and 31 December 2021 was approximately HK\$49,049,000 and HK\$84,007,000, respectively.

Mining activities have commenced at Mining Licenses areas as at the date of this announcement. 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 and Guazhou County in the Gansu Province of the PRC.

As at the date of this announcement, the Target Group has a portfolio of mineral tenements comprising two Mining Licences (C6200002011114120120526 and C6200002011104220119784) and six Exploration Assets (T6200002022014050056664, T6200002022014050056665, T6200002022014050056666, TKQ20230012, TKQ20230013 and TKQ20230014) covering a total area of 3.6399km², 31.9122km², 3.63km², 1.22km², 30.65km², 5.33km², 8.1346km² and 10.2532km² respectively.

Set out below is the Mineral Resource statement for the Gold Mines as of 31 March 2023 as extracted from the Independent Technical Report:

Mineral Resources statement in Mining Licences areas

Domain	Classification	Inventory (t)	Au Grade (g/t)	Au Metal (t)	Licence
Q1	Indicated	161,800	5.13	0.83	C6200002011114120120526
	Inferred	12,800	4.10	0.05	
A104	Indicated	198,000	9.96	1.98	C6200002011104220119784
	Inferred	84,000	9.66	0.81	
A106-2	Indicated	28,400	9.79	0.28	
	Inferred	15,800	10.61	0.17	
A106-4	Indicated	64,000	9.58	0.61	
	Inferred	22,000	9.23	0.20	
A106-6	Indicated	16,400	12.58	0.21	
	Inferred	7,900	11.54	0.09	
A109	Indicated	37,000	6.97	0.25	
	Inferred	78,000	7.14	0.55	
A113	Indicated	62,500	16.30	1.02	
	Inferred	14,900	18.90	0.28	
A116	Indicated	42,300	19.38	0.82	
	Inferred	7,000	21.11	0.15	

Domain	Classification	Inventory (t)	Au Grade (g/t)	Au Metal (t)	Licence
B203	Indicated	43,600	12.38	0.54	
	Inferred	3,900	8.46	0.03	
B204	Indicated	189,500	11.61	2.20	
	Inferred	3,200	9.28	0.03	
B211	Indicated	257,000	11.07	2.84	
	Inferred	52,000	11.31	0.59	
B212	Indicated	126,000	11.15	1.40	
	Inferred	19,000	9.45	0.18	
D348-5	Indicated	129,300	9.15	1.18	
	Inferred	92	9.11	0.84	
D348-9	Indicated	250,000	9.91	2.47	
	Inferred	161,000	8.32	1.34	
Total	Indicated	1,605,800	10.36	16.64	
	Inferred	481,600	11.02	5.31	

Notes:

1. Differences may occur between the total figures and the sum of components due to rounding.
2. 1.00 g/t Au cut-off grade applied for the resource block model.

Mineral Resources statement in Exploration Assets areas

Domain	Classification	Inventory (t)	Au Grade (g/t)	Au Metal (t)	Licence
A104	Indicated	7,000	12.51	0.08	T6200002022014050056666
	Inferred	23,000	12.03	0.27	
D348-5	Inferred	56,000	10.32	0.57	
Total	Indicated	7,000	11.43	0.08	
	Inferred	79,000	10.63	0.84	

Notes:

1. Differences may occur between the total figures and the sum of components due to rounding.
2. 1.00 g/t Au cut-off grade applied for the resource block model.

The Mining Licences

Details of the Mining Licences held by the Target Group as of 31 March 2023, as extracted from the Independent Technical Report, are summarized below:

Licence holder	Mining Licence number	Mining area (km ²)	Valid period
Project Company	C6200002011114120120526	3.6399	October 2013 to August 2024
	C6200002011104220119784	31.9122	October 2013 to October 2026

According to the Mineral Resources Law of the PRC (中華人民共和國礦產資源法), the Administrative Measures on Registration of Tenement of Mineral Resources Exploration and Survey (礦產資源勘查區塊登記管理辦法) and the Administrative Measures on Registration of Mineral Resources Exploitation (礦產資源開採登記管理辦法), enterprises engaged in the mining of mineral resources shall obtain a mining licence and a mining licence holder has the right to conduct mining activities and to construct structures that are related to its mining activities within the licenced mining area.

The Exploration Assets

Details of the Exploration Assets held by the Target Group as of 31 March 2023, as extracted from the Independent Technical Report, are summarized below:

Right holder	Exploration licence number or exploration right transfer agreement number	Exploration area (km ²)	Valid period
Project Company	T6200002022014050056664 <i>(Note 2)</i>	3.63	January 2022 to January 2027
	T6200002022014050056665 <i>(Note 2)</i>	1.22	January 2022 to January 2027
	T6200002022014050056666 <i>(Note 2)</i>	30.65	January 2022 to January 2027
Tianshui Xindu	TKQ20230012 <i>(Notes 1 & 2)</i>	5.33	The first registration period of exploration license is 5 years

Right holder	Exploration licence number or exploration right transfer agreement number	Exploration area (km ²)	Valid period
Jiuquan Chuangjin	TKQ20230013 <i>(Notes 1 & 2)</i>	8.1346	The first registration period of exploration license is 5 years
	TKQ20230014 <i>(Notes 1 & 2)</i>	10.2532	The first registration period of exploration license is 5 years

Note 1: The Target Group has entered into exploration right transfer agreement (探礦權出讓合同) with relevant local authority in February 2023 and is currently applying for the exploration licenses.

Note 2: The Target Group has entered into cooperation agreements with several independent third parties for the future exploration and mining of the above Exploration Assets. These third parties will provide funding for all exploration activities and will be entitled to share 70% of the beneficial interest in the Exploration Assets if the activities result in resource discovery and value creation or the exploration right is transferred by mutual consent. Conversely, the independent third parties will not receive a refund of their investment if the exploration activities yield unsatisfactory results.

As advised by C&F, under the current PRC laws, holders of an exploration licence are entitled to explore mineral resources within the area covered by the relevant exploration licence, and have the rights to apply for the mining licence to carry out mining activities within the said area upon demonstrating the existence of minable resources and undertaking the necessary application procedures.

According to the Mineral Resources Law of the PRC (中華人民共和國礦產資源法) issued by the Standing Committee of the National People's Congress, which became effective from 1 October 1986 and as amended on 29 August 1996 and 27 August 2009, the Administrative Measures on Registration of Tenement of Mineral Resources Exploration and Survey (礦產資源勘查區塊登記管理辦法) issued by the State Council, which became effective from 12 February 1998 and as amended on 29 July 2014 and the Interim Measures of Gansu Province on the Administration of Mineral Resources Exploitation (甘肅省探礦權管理暫行辦法), issued by the Department of Land and Resources of Gansu Province (甘肅省國土資源廳), which became effective from 1 January 2006, enterprises engaged in exploration of mineral resources shall obtain an exploration licence. An exploration licence holder has the right to explore mineral resources within the area covered under the licence.

As advised by C&F, according to the information from the Target Group and the appropriate review conducted by C&F, Jiuquan Chuangjin and Tianshui Xindu have the right to apply for the exploration licences to the Department of Natural Resources of Gansu Provincial (甘肅省自然資源廳) under the exploration right transfer agreement (探礦權出讓合同), and the Department of Natural Resources of Gansu Province shall complete the registration procedures within the statutory time limit. In accordance with the Mineral Resources Law of the PRC (中華人民共和國礦產資源法), the Administrative Measures on Registration of Tenement of Mineral Resources Exploration and Survey (礦產資源勘查區

塊登記管理辦法), the Rules for the Implementation of the Mineral Resources Law of the PRC (中華人民共和國礦產資源法實施細則), the Interim Measures of Gansu Province on the Administration of Mineral Resources Exploitation (甘肅省探礦權管理暫行辦法), the satisfaction of procedures for the application of exploration licence and the submission of information required by relevant regulations and the Department of Natural Resources of Gansu Provincial (甘肅省自然資源廳), Jiuquan Chuangjin and Tianshui Xindu will have no practical legal impediment in respect of obtaining the Registration Approval.

As advised by C&F, according to the information from the Target Group and the appropriate review conducted by C&F subsequent to the performance of relevant assessments and approval procedures in accordance with the Mineral Resources Law of the PRC (中華人民共和國礦產資源法), the Rules for the Implementation of the Mineral Resources Law of the PRC (中華人民共和國礦產資源法實施細則), the Administrative Measures on Registration of Mineral Resources Exploitation (礦產資源開採登記管理辦法), and the Interim Measures of Gansu Province on the Administration of Mining Right (甘肅省探礦權管理暫行辦法), the satisfaction of various application conditions for the establishment of mining rights and the submission of information required by relevant regulations and the Department of Natural Resources of Gansu Provincial (甘肅省自然資源廳), the Project Company, Jiuquan Chuangjin, and Tianshui Xindu will have no practical legal impediment in respect of obtaining the Mining Licences for the Gold Mines.

REASONS FOR AND BENEFITS OF THE ACQUISITION

As disclosed in the Company's annual report for the financial year ended 31 December 2022, the Group is proactively exploring investment opportunities to expand its existing gold mining portfolio and believes this is in the interests of maximizing shareholder value.

According to the Independent Technical Report, the Gold Mines are estimated to contain total Mineral Resources of 2,173.4kt (including Indicated Mineral Resources of 1,612.8kt and Inferred Mineral Resources of 560.6kt). 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 through the Acquisition.

Accordingly, the Directors are of the view that the Acquisition is fair and reasonable and in the ordinary and usual course of business of the Group and is 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 Consideration Shares:

Shareholders	As at the date of this announcement		Immediately after the allotment and issue of the Consideration Shares	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
Profit Linkage Enterprises Limited	508,334,000	14.99	508,334,000	12.49
Golden Blossom Investment Limited	470,000,000	13.86	470,000,000	11.55
Ms. Ho Ping Tanya	330,000,000	9.73	330,000,000	8.11
Fung Wai Enterprises Ltd.	330,000,000	9.73	330,000,000	8.11
The Vendor (or its designated nominee)	—	—	678,000,000	16.66
Other public Shareholders	<u>1,753,938,221</u>	<u>51.69</u>	<u>1,753,938,221</u>	<u>43.08</u>
Total	<u><u>3,392,272,221</u></u>	<u><u>100.00</u></u>	<u><u>4,070,272,221</u></u>	<u><u>100.00</u></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.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions have the following meanings ascribed to them respectively:

“Acquisition”	the proposed acquisition of the Sale Shares by the Company from the Vendor pursuant to the Agreement
“Agreement”	the sale and purchase agreement entered into between the Company, the Vendor and the Guarantors on 7 July 2023 in relation to the Acquisition
“Au”	Gold
“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
“C&F”	Commerce & Finance Law Offices, the legal adviser to the Company as to PRC law
“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, and which is the purchaser under the Agreement
“Completion”	the completion of the Acquisition contemplated under the Agreement
“Completion Date”	on or before the fifth Business Day following the date on which the last conditions precedent set out in the 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, comprising the Consideration Shares
“Consideration Shares”	an aggregate of 678,000,000 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
“Director(s)”	the director(s) of the Company
“Easy Vantage”	Easy Vantage Holdings Limited (駿皆控股有限公司), an investment holding company incorporated in Hong Kong with limited liability and wholly-owned by the Target Company
“Exploration Assets”	the 3 exploration licences authorizing the Target Group to conduct exploration activities at the Gold Mines and 3 exploration right transfer agreements authorizing the Target Group to apply for the exploration licences
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting held on 2 June 2023, among other things, to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the annual general meeting

“Gold Mines”	(i) the beidong gold mine* (北東金礦) and the 460 gold mine* (460金礦), operated by the Project Company and located in the Subei County, Gansu Province of the PRC, (ii) the gold mine in the eastern area of Pingliang polymetallic mine in Guazhou County, Gansu Province* (甘肅省瓜州縣平梁東金多金屬礦), (iii) the gold mine in the western area of Huolezhadegai polymetallic mine in Subei County, Gansu Province* (甘肅省肅北縣霍勒紮德蓋西金多金屬礦), and (iv) the gold mine in the northern area of 703 polymetallic mine in Subei County, Gansu Province* (甘肅省肅北縣703北金多金屬礦)
“Group”	the Company and its subsidiaries
“g/t”	gram(s) per tonne
“Guarantors” or each a “Guarantor”	collectively, Ms. Jiang and Ms. Lo
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Technical Report”	the due diligence report carried out by SRK on the Mineral Resources and ore reserves of the Gold Mine in accordance with the JORC Code
“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
“Indicated Mineral Resource(s)”	part of a Mineral Resource for which quantity, grade (or quality), densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of modifying factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit (as defined under the JORC Code)
“Inferred Mineral Resource(s)”	part of a Mineral Resource for which quantity and grade (or quality) are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade (or quality) continuity. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes (as defined under the JORC Code)

“Independent Valuer”	Valtech Valuation Advisory Limited (方程評估有限公司), an Independent Third Party appointed by the Company as the independent valuer to prepare the Valuation Report
“Issue Price”	the issue price of HK\$0.5 per Consideration Share
“Jiuquan Chuangjin”	Jiuquan Chuangjin Mining Development Co., Ltd.* (酒泉市創金礦業發展有限責任公司), a company established in the PRC with limited liability which is directly wholly-owned by Tianshui Xindu
“JORC Code”	the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 Edition), as published by the Joint Ore Reserves Committee
“km”	kilometer(s)
“km ² ”	square kilometer(s)
“kt”	kilotonne(s)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mineral Resource(s)”	a concentration or occurrence of solid material of economic interest in or on the earth’s crust in such form, grade (or quality), and quantity that there are reasonable prospects for eventual economic extraction (as defined under the JORC Code). The location, quantity, grade (or quality), continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling. Mineral Resources are sub-divided, in order of increasing geological confidence, into inferred, indicated and measured categories
“Mining Licences”	the licences authorising the Target Group to conduct exploitation activities at the Gold Mines
“Ms. Jiang”	Ms. Jiang Wei (蔣薇), an ultimate beneficial owner of the Vendor
“Ms. Lo”	Ms. Lo Ting (盧婷), an ultimate beneficial owner of the Vendor
“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

“Processing Plants”	the ore-processing plants located at 460 Mining Area, Mazongshan Town, Subei Mongolian Autonomous County, Jiuquan City, Gansu Province* (甘肅省酒泉市肅北蒙古族自治縣馬鬃山鎮460礦區) of the PRC which are owned and operated by the Project Company
“Project Company”	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 established in the PRC with limited liability which is directly wholly-owned by Jiuquan Chuangjin
“Registration Approval”	the (a) approval from the Department of Natural Resources of Gansu Province* (甘肅省自然資源廳) in relation to the registration of Exploration Licence in the name of Tianshui Xindu for the gold mine in the eastern area of Pingliang polymetallic mine in Guazhou County, Gansu Province (general exploration)* (甘肅省瓜州縣平梁東金多金屬礦詳查) and (b) the approval from the Department of Natural Resources of Gansu Province in relation to the registration of (i) Exploration Licence in the name of Jiuquan Chuangjin for the gold mine in the western area of Huolezhadegai polymetallic mine in Subei County, Gansu Province (general exploration)* (甘肅省肅北縣霍勒紮德蓋西金多金屬礦詳查) as well as (ii) the gold mine in the northern area of 703 polymetallic mine in Subei County, Gansu Province (general exploration)* (甘肅省肅北縣703北金多金屬礦詳查)
“Sale Shares”	100% of the total issued share capital in the Target Company as at the date of this announcement and at Completion
“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)
“SRK”	SRK Consulting (Hong Kong) Limited (斯羅柯礦業諮詢(香港)有限公司)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“t”	tonne(s)
“Target Company”	Grand Gallant Investments Limited (宏勇投資有限公司), an investment holding company incorporated in the BVI with limited liability and which is wholly-owned by the Vendor
“Target Group”	the Target Company and its subsidiaries from time to time, including without limitation, Easy Vantage, Tianshui Jinqian (including Tianshui (Xi’an)), Tianshui Xindu, Jiuquan Chuangjin and the Project Company

“Tianshui Jinquan”	Tianshui Jinquan Mining Co., Ltd.* (天水金泉礦業有限公司), a company established in the PRC with limited liability and is wholly-owned by Easy Vantage
“Tianshui (Xi’an)”	Tianshui Jinquan Mining Co., Ltd. (Xi’an Branch)* (天水金泉礦業有限公司西安分公司), a branch company of Tianshui Jinquan established in Xi’an, the PRC
“Tianshui Xindu”	Tianshui Xindu Mining Co., Ltd.* (天水鑫都礦業有限公司), a company established in the PRC with limited liability and is wholly-owned by Tianshui Jinquan
“Valuation”	a valuation on the 100% equity interest in the Target Group prepared by the Independent Valuer. As at 31 March 2023, the valuation of the Target Group was approximately HK\$349,272,000
“Valuation Report”	the valuation report prepared by the Independent Valuer regarding the valuation of the Target Group
“Vendor”	Qinlong Jinxin Mining Investment Limited (秦隴金鑫礦業投資有限公司), an investment holding company incorporated in the Cayman Islands with limited liability and indirectly wholly-owned by Ms. Jiang and Ms. Lo, and which holds 100% of the total issued share capital of the Target Company as at the date of this announcement
“%”	per cent

* *For identification purpose only*

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

Hong Kong, 7 July 2023

As at the date of this announcement, the board of directors of the Company comprises Mr. Yeung Kwok Kuen, Mr. Shi Xing Zhi and Mr. Shi Sheng Li as executive directors, and Mr. Chu Kang Nam, Mr. Liang Xu Shu and Mr. Leung Ka Wo as independent non-executive directors.