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G-Resources Group Limited

國際資源集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1051)

DISCLOSEABLE TRANSACTION IN RELATION TO SUBSCRIPTION OF CONVERTIBLE NOTES

SUBSCRIPTION OF CONVERTIBLE NOTES

The Board is pleased to announce that on 10 June 2021 (after trading hours), the Subscriber (an indirect wholly-owned subsidiary of the Company) entered into an adherence agreement to the Note Purchase Agreement, pursuant to which the Subscriber became a party to the Note Purchase Agreement, and subject to the fulfilment of the Conditions, the Issuer shall sell and issue to the Subscriber, and the Subscriber shall purchase from the Issuer, the Convertible Notes in a principal amount of US\$17 million (equivalent to approximately HK\$131.9 million) at the Completion.

LISTING RULES IMPLICATION

As one of the applicable percentage ratios under the Listing Rules in respect of each of the Subscription and the Automatic Conversion is more than 5% but less than 25%, each of the Subscription and the Automatic Conversion constitutes a discloseable transaction for the Company, and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As the completion of the Subscription may or may not proceed, shareholders and potential investors of the Company are advised to exercise caution when dealing in the Company's shares.

THE NOTE PURCHASE AGREEMENT

The Board is pleased to announce that on 10 June 2021 (after trading hours), the Subscriber (an indirect wholly-owned subsidiary of the Company) entered into an adherence agreement to the Note Purchase Agreement, pursuant to which the Subscriber became a party to the Note Purchase Agreement, and subject to the fulfilment of the Conditions, the Issuer shall sell and issue to the Subscriber, and the Subscriber shall purchase from the Issuer, the Convertible Notes in a principal amount of US\$17 million (equivalent to approximately HK\$131.9 million) at the Completion.

Principal terms of the Note Purchase Agreement are summarised below:

- Adherence date** : 10 June 2021 (after trading hours).
- Parties** : (i) The Issuer; and
(ii) The Subscriber.
- Principal amount** : US\$17 million (equivalent to approximately HK\$131.9 million)
- Conditions** : The Completion shall be subject to and conditional upon:
- (i) the representations and warranties made by the Issuer and the Subscriber in the Note Purchase Agreement shall be true and correct when made and as at the Completion;
 - (ii) all covenants, agreements and conditions contained in the Note Purchase Agreement to be performed, on or prior to the Completion, by the Issuer and Subscriber at the Completion shall have been performed or complied with in all material respects;
 - (iii) the Issuer shall have obtained all necessary governmental approvals in connection with the lawful sale and issue of the Convertible Notes; and
 - (iv) the sale and issue by the Issuer, and the purchase by the Subscriber, of the Convertible Notes shall be legally permitted by all applicable laws and regulations.
- Completion** : Subject to the satisfaction and/or waiver of the Conditions, the sale and issue of the Convertible Notes to the Subscriber is expected to take place on or around 14 June 2021

PRINCIPAL TERMS OF THE CONVERTIBLE NOTES

Principal terms of the Convertible Notes subscribed by the Subscriber are summarised below:

Principal amount : US\$17 million (equivalent to approximately HK\$131.9 million).

Maturity : On the second anniversary of the Closing.

Interest : (i) 1.0% per annum from the issue date of the Convertible Note through and including the first anniversary of the Closing;

(ii) 7.0% per annum from but not including the first anniversary of the Closing and through and including the date 18 months after the Closing; and

(iii) 8.0% per annum from but not including the date 18 months after the date of the Closing and through and including the Maturity Date.

Conversion : (i) Automatic conversion:

Upon an Automatic Conversion Triggering Event, the automatic conversion of the Convertible Notes will be triggered and the Convertible Notes will be automatically converted, according to the terms of the Convertible Notes Instrument, into Conversion Shares with a total value not exceeding approximately US\$24.6 million (equivalent to approximately HK\$191.2 million).

(ii) Non-automatic conversion:

The Subscriber may elect (on its own or with other registered holders of Convertible Notes according to terms of the Convertible Notes Instrument) to convert all or part of the Outstanding Amount into shares of the Issuer in specified circumstances under the terms of the Convertible Notes Instrument.

The Issuer will not become an associate or a subsidiary of the Company upon full conversion under both the automatic conversion (in connection with an Automatic Conversion Triggering Event) and non-automatic conversion, pursuant to the Convertible Notes Instrument.

Conversion Price : In case of a qualified financing or non-qualified financing or a qualified public transaction conducted by the Issuer, a conversion price per share equals to the amount obtained by dividing US\$3.9 billion by the fully diluted capitalisation or a downward adjustment as set out in the Convertible Notes Instrument by, among other things, applying the applicable discount rate ranging from 75% to 85%.

In case of conversion on the Maturity Date, a conversion price per share equals to the greater of (i) the lowest price per share paid in cash by purchasers of the Issuer's most senior series of its preferred stock sold in a financing with aggregate gross proceeds to the Issuer of at least US\$25 million, multiplied by the applicable discount rate, ranging from 75% to 85%, or (ii) US\$1.00264.

Conversion Shares : The total number of Conversion Shares will be determined by applying the conversion price applicable in the circumstances to the Outstanding Amount in accordance with the Convertible Notes Instrument.

The Conversion Shares will be validly issued, fully paid and non-assessable and free from all taxes, liens and charges with respect to the issuance thereof and all encumbrances except for any restrictions on transfer provided in the relevant transaction documents or under applicable securities laws.

The Conversion Shares shall rank *pari passu* in all respects with all other existing shares of the same class of the Issuer outstanding at the Conversion Date and all Conversion Shares shall include rights to participate in dividends and other distributions the record date of which falls on or after the Conversion Date assigned to its class.

- Redemption** : The Outstanding Amount and other amounts payable under the Convertible Notes Instrument shall be fully due and payable on the second anniversary of the Closing, unless converted or accelerated or extended in accordance with the terms of the Convertible Notes Instrument.
- Transferability** : The Convertible Notes shall not be transferred in denominations of less than US\$100,000, provided that if necessary to enable the registration of transfer by a holder of its entire holding of the Convertible Notes, one Convertible Note may be in a denomination of less than US\$100,000.
- Listing** : No application will be made for the listing of the Convertible Notes on the Stock Exchange or any other stock exchange.

Basis of Consideration

The consideration for the Subscription was determined after arm's length negotiations between the Issuer and the Subscriber, with reference to (i) the historical financial performance of the Issuer; (ii) the potential benefits of the Subscription as set out in the paragraph headed "Reasons for and Benefit of the Subscription" below; and (iii) the risk level, investment terms and rate of return of the Convertible Notes, having regard to a valuation conducted by an independent valuer adopting Monte Carlo simulations in light of the specific nature and terms of the investment, which, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, was conducted based on reasonable assumptions of the Convertible Notes regarding future volatility, risks and maturity. The Subscriber intends to fund the consideration for the Subscription in cash from its internal resources.

INFORMATION OF THE PARTIES

Information of the Subscriber

The Subscriber is a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company. The Company is an investment holding company incorporated in Bermuda with limited liability, and through its subsidiaries, principally engaged in financial services business, principal investment business and real property business.

Information of the Issuer

The Issuer is a corporation incorporated in Delaware, the United States, with limited liability. As at the date of this announcement, the Issuer and its subsidiaries are principally engaged in the business of manufacturing and development of an electric motor system utilising advanced cloud software, smart technologies furthering the Internet of things, and switched reluctance technology.

The financial information of the Issuer for the two financial years immediately preceding the Subscription based on its consolidated financial statements are as follows:

	For the year ended	
	31 December	
	2019	2020
	<i>(audited)</i>	<i>(unaudited)</i>
	<i>Approximately</i>	<i>Approximately</i>
	<i>US\$ thousand</i>	<i>US\$ thousand</i>
Net loss (before and after taxation)	22,740	35,468

As at 31 December 2020, the unaudited net assets of the Issuer were approximately US\$108.1 million.

As confirmed by the Issuer, and to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, as at the date of this announcement, approximately 61% interest in the Issuer is directly and indirectly controlled by Mr. Ryan Morris (the chairman and chief executive officer of the Issuer) and the remaining approximately 39% interest in the Issuer is held as to approximately 34% by 46 corporate shareholders, including renowned international corporations, investment funds and other investment companies, each holding less than 10% of the interest in the Issuer, and as to approximately 5% by 60 individual shareholders, respectively.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of the Issuer and its ultimate beneficial owners is third party independent of the Company and its connected persons.

REASONS FOR AND BENEFIT OF THE SUBSCRIPTION

The Group intends to ride on our proven track record and experience in our well-maintained investment portfolio under our principal investment segment to elevate the Group's overall profitability and returns. The Group has also been and will be seeking for other suitable investment opportunities in projects with strong growth outlooks, recognised catalysts for development and attractive valuations to further strengthen its investment portfolios.

Taking into account (i) the proven track record of the electric motor system business of the Issuer in the past few years and its anticipated development, (ii) that investment in the business of the Issuer will provide an opportunity to further expand into the technology sector as part of the Group's investment strategies, and (iii) that the credit risk in relation to the Subscription is considered as reasonable given the business nature, financial performance and position of the Issuer and the redemption of the Convertible Notes at the Maturity Date in the event that the Conversion is not triggered, the Board considers that the Subscription is suitable for the Company's value-add and opportunistic investment strategies, and that in the short term, the rate of return, the Maturity Date and Conversion conditions of the Convertible Notes will enable the Group to obtain considerable yields with manageable risks, while in the long term, the principal business of the Issuer is in line with the Company's investment strategies of capitalising on the development of the technological sector.

Based on the above, the Directors consider that the terms of the Note Purchase Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

Pursuant to Rule 14.74(1) of the Listing Rules, the Subscription of the Convertible Notes, which involves an automatic conversion mechanism as set out in the principal terms above, was classified as if the conversion rights attaching to the Convertible Notes had been exercised on the date of this announcement (the "**Automatic Conversion**").

As one of the applicable percentage ratios under the Listing Rules in respect of each of the Subscription and the Automatic Conversion is more than 5% but less than 25%, each of the Subscription and the Automatic Conversion constitutes a discloseable transaction for the Company, and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As the completion of the Subscription may or may not proceed, shareholders and potential investors of the Company are advised to exercise caution when dealing in the Company's shares.

DEFINITIONS

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

“Automatic Conversion Triggering Event”	the closing of a qualified financing or a qualified public transaction under the Convertible Notes Instrument, or the Maturity Date upon election of the Issuer to convert the entire Outstanding Amount according to the terms of the Convertible Notes Instrument, as the case may be
“Board”	the board of Directors
“Closing”	30 April 2021
“Company”	G-Resources Group Limited, a company with limited liability incorporated under the laws of Bermuda whose shares are listed on the Stock Exchange
“Completion”	subject to the satisfaction and/or waiver of the Conditions, the sale and issue of the Convertible Notes to the Subscriber is expected to take place on or around 14 June 2021
“Conditions”	the conditions precedent as set out in the Note Purchase Agreement
“connected person(s)”	has the meanings as ascribed thereto under the Listing Rules
“Conversion Date”	the date on which the conversion of the Convertible Notes into Conversion Shares takes place under the Convertible Notes Instrument
“Conversion Share(s)”	the share(s) to be issued by the Issuer upon conversion of the Convertible Notes pursuant to the terms of the Convertible Notes Instrument
“Convertible Notes”	the unsecured convertible subordinated promissory notes created and constituted by the Convertible Notes Instrument issued pursuant to the Note Purchase Agreement
“Convertible Notes Instrument”	the instrument to be executed by the Issuer creating and constituting the Convertible Notes

“Director(s)”	the director(s) of the Company from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Issuer”	Turntide Technologies Inc., a corporation incorporated in Delaware, the United States, with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Maturity Date”	on the second anniversary of the Closing
“Note Purchase Agreement”	the note purchase agreement dated 30 April 2021 and subsequently amended on 7 May 2021 in relation to the issue of Convertible Notes
“Outstanding Amount”	the entire outstanding principal amount of the Convertible Notes and accrued and unpaid interest
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Summer Chance Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
“Subscription”	the subscription of the Convertible Notes pursuant to the terms and conditions of the Note Purchase Agreement
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

In this announcement, for the purpose of illustration only, amounts quoted in US\$ have been converted into HK\$ at the rate of HK\$7.76 per US\$1.00. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that amounts were or may have been exchanged at this or any other rates or at all.

By Order of the Board
G-Resources Group Limited
Leung Oi Kin
Executive Director and Company Secretary

Hong Kong, 10 June 2021

As at the date of this announcement, the Board comprises:

- (i) Ms. Li Zhongye, Cindy as non-executive Director;*
- (ii) Mr. Leung Oi Kin and Mr. Leung Wai Yiu, Malcolm as executive Directors; and*
- (iii) Mr. Lo Wa Kei, Roy, Mr. Chen Gong and Mr. Martin Que Meideng as independent non-executive Directors.*

** For identification purpose only*