



GRAND T G GOLD HOLDINGS LIMITED

大唐潼金控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8299)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2013

Characteristics of the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors. Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This announcement, for which the directors (the “Directors” or individually a “Director”) of Grand T G Gold Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least seven days from the date of its publication and on the website of the Company at <http://www.aplushk.com/clients/8299GrandTG/>.

* For identification purpose only

The board of Directors of the Company (the “**Board**”) hereby announces the audited consolidated final results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 March 2013 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2013

	<i>Notes</i>	2013 HK\$’000	2012 <i>HK\$’000</i>
Revenue	4	–	–
Cost of sales		–	–
		<hr/>	<hr/>
Gross profit		–	–
Other losses	4	(25,954)	(10,449)
Selling and distribution expenses		(4,374)	(566)
Administrative expenses		(27,466)	(30,597)
		<hr/>	<hr/>
Operating results		(57,794)	(41,612)
Finance costs	5	(31,740)	(22,882)
		<hr/>	<hr/>
Loss before tax	6	(89,534)	(64,494)
Income tax expense	7	–	–
		<hr/>	<hr/>
Loss for the year		(89,534)	(64,494)
		<hr/>	<hr/>
Loss for the year attributable to:			
Equity holders of the Company		(75,689)	(54,970)
Non-controlling interest		(13,845)	(9,524)
		<hr/>	<hr/>
		(89,534)	(64,494)
		<hr/> <hr/>	<hr/> <hr/>
		<i>HK Cents</i>	<i>HK Cents</i>
Loss per share			
Basic		(0.56)	(0.41)
		<hr/> <hr/>	<hr/> <hr/>
Diluted		(0.56)	(0.41)
		<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2013

	<i>Notes</i>	2013 HK\$'000	2012 HK\$'000
Loss for the year		(89,534)	(64,494)
Other comprehensive income for the year:			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Exchange differences arising from translation of financial statements of overseas subsidiaries		3,037	9,958
Fair value change and reclassification to profit or loss in regard of available for sale investment		25,129	3,068
		28,166	13,026
Total comprehensive loss for the year		(61,368)	(51,468)
Total comprehensive loss attributable to:			
Equity holders of the Company		(47,568)	(42,227)
Non-controlling interest		(13,800)	(9,241)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2013

	<i>Notes</i>	2013 HK\$'000	2012 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		470,005	385,017
Prepaid land lease premium		1,250	1,233
Mining rights related assets		50,761	51,547
Construction in progress		1,835	1,794
Available-for-sale financial assets		–	1,243
		523,851	440,834
CURRENT ASSETS			
Inventories		99,694	52,554
Other receivables and prepayments	<i>10</i>	57,584	43,342
Cash and cash equivalents		127	1,452
		157,405	97,348
CURRENT LIABILITIES			
Trade and other payables	<i>11</i>	82,882	71,239
Deferred income		38	654
Promissory notes		12,500	12,500
Tax payables		326	128
Convertible bonds		17,541	–
Interest-bearing borrowings	<i>12</i>	22,091	20,873
		135,378	105,394
NET CURRENT ASSETS/(LIABILITIES)		22,027	(8,046)
TOTAL ASSETS LESS CURRENT LIABILITIES		545,878	432,788
NON-CURRENT LIABILITIES			
Convertible bonds		–	15,897
Long term loans	<i>12</i>	425,101	234,746
		425,101	250,643
NET ASSETS		120,777	182,145
CAPITAL AND RESERVES			
Share capital		53,794	53,794
Reserves		72,396	119,964
Equity attributable to equity holders of the Company		126,190	173,758
Non-controlling interest		(5,413)	8,387
TOTAL EQUITY		120,777	182,145

NOTES:

1. CORPORATE INFORMATION

Grand T G Gold Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Its principal place of business in Hong Kong is Room 2410, 24/F, Wayson Commercial Building, 28 Connaught Road West, Sheung Wan, Hong Kong. The Company’s shares are listed on the Growth Enterprise Market (the “**GEM**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The principal activity of the Company is investment holding. Its subsidiaries (together with the Company collectively referred to as the “**Group**” hereinafter) are principally engaged in gold exploration, mining and mineral processing.

The financial statements are presented in Hong Kong dollars (“**HK\$**”), and the functional currency of the Company is HK\$, with values rounded to the nearest thousand.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

2.1 *Statement of compliance*

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance.

The HKICPA has issued certain amendments and interpretations which are or have become effective. It has also issued certain new and revised HKFRSs which are first effective or available for early adoption for the current accounting period of the Company. The following paragraph provides information on initial application of these developments to the extent that they are relevant to the Company for the current and prior accounting periods reflected in these consolidated financial statements.

2.2 *Standards and Interpretations adopted in the current period*

In the current year, the Group has applied for the first time the following new and revised standards, amendments and interpretations (“**new HKFRSs**”) issued by the HKICPA, which are relevant to and effective for the Group’s consolidated financial statements for the annual period beginning on 1 April 2012:

HKFRS 7 (Amendments)	Disclosures — Transfers of Financial Assets
HKAS 2 (Amendments)	Income Taxes — Deferred Tax: Recovery of Underlying Assets

The adoption of the new HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

2.3 Possible impact of amendments, new standards and interpretation issued but not yet effective for the year ended 31 March 2013

The Group has not early applied the following new and revised standards, amendments or interpretations relevant to the Group's operations that have been issued but are not yet effective.

HKFRS 1 Amendments	Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans ²
HKFRS 7 Amendments	Amendments to HKFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities ²
HKFRS 9	Financial Instruments ⁴
HKFRS 10	Consolidated Financial Statements ²
HKFRS 11	Joint Arrangements ²
HKFRS 12	Disclosure of Interests in Other Entities ²
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – Transition Guidance ²
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – Investment Entities ³
HKFRS 13	Fair Value Measurement ²
HKAS 1 Amendments	Amendments to HKAS 1 Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income ¹
HKAS 19 (2011)	Employee Benefits ²
HKAS 27 (2011)	Separate Financial Statements ²
HKAS 28 (2011)	Investments in Associates and Joint Ventures ²
HKAS 32 Amendments	Amendments to HKAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities ³
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine ²
Annual Improvements 2009–2011	Cycle Amendments to a number of HKFRSs issued in June 2012 ²

¹ Effective for annual periods beginning on or after 1 July 2012

² Effective for annual periods beginning on or after 1 January 2013

³ Effective for annual periods beginning on or after 1 January 2014

⁴ Effective for annual periods beginning on or after 1 January 2015

The directors of the Company are in the process of making an assessment of what the impact of these new and revised HKFRSs upon initial application. So far the directors of the Company anticipate that the application of other new and revised standards, amendments and interpretations in issue but not yet effective will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

The Group had two operating segments for the year ended 31 March 2013, namely Gold Mining Division and Corporate Division.

Segment results do not include finance costs. Segment assets and liabilities are allocated based on the operations of the segments.

Segment information by operating segments is presented as follows:

Year ended 31 March 2013

	Gold Mining HK\$'000	Corporate HK\$'000	Elimination HK\$'000	Total HK\$'000
Segment revenue:				
Turnover for external customers	—	—	—	—
Gross profit	—	—	—	—
Other losses	(325)	(25,629)	—	(25,954)
Operating expenses	(17,703)	(12,060)	—	(29,763)
Depreciation and amortisation*	(2,059)	(18)	—	(2,077)
Segment results	(20,087)	(37,707)	—	(57,794)
Finance costs	(29,174)	(2,566)	—	(31,740)
Loss before tax	(49,261)	(40,273)	—	(89,534)
Income tax expense	—	—	—	—
Net loss for the year	<u>(49,261)</u>	<u>(40,273)</u>	<u>—</u>	<u>(89,534)</u>
Segment assets	<u>679,678</u>	<u>1,792,661</u>	<u>(1,791,083)</u>	<u>681,256</u>
Segment liabilities	<u>713,577</u>	<u>201,350</u>	<u>(354,448)</u>	<u>560,479</u>
Capital expenditure	<u>97,181</u>	—	—	<u>97,181</u>
Depreciation and amortisation**	<u>18,670</u>	—	—	<u>18,670</u>

Year ended 31 March 2012

	Gold Mining HK\$'000	Corporate HK\$'000	Elimination HK\$'000	Total HK\$'000
Segment revenue:				
Turnover for external customers	—	—	—	—
Gross profit	—	—	—	—
Other losses	(8)	(10,441)	—	(10,449)
Operating expenses	(11,390)	(19,064)	—	(30,454)
Depreciation and amortisation*	(680)	(29)	—	(709)
Segment results	(12,078)	(29,534)	—	(41,612)
Finance costs	(20,834)	(2,048)	—	(22,882)
Loss before tax	(32,912)	(31,582)	—	(64,494)
Income tax expense	—	—	—	—
Net loss for the year	<u>(32,912)</u>	<u>(31,582)</u>	<u>—</u>	<u>(64,494)</u>
Segment assets	<u>533,654</u>	<u>1,793,222</u>	<u>(1,788,694)</u>	<u>538,182</u>
Segment liabilities	<u>518,169</u>	<u>187,472</u>	<u>(349,604)</u>	<u>356,037</u>
Capital expenditure	<u>64,678</u>	<u>—</u>	<u>—</u>	<u>64,678</u>
Depreciation and amortisation**	<u>14,352</u>	<u>—</u>	<u>—</u>	<u>14,352</u>

* Represents depreciation and amortisation included in administrative expenses.

** Represents total depreciation and amortisation of the Group.

Geographical segments

The Group's operations are located in Hong Kong and other parts of the People's Republic of China ("PRC") whereas the principal markets for the Group's products are mainly located in Hong Kong and other parts of the PRC.

Segment information by geographical segments is presented as follows:

	2013 HK\$'000	2012 <i>HK\$'000</i>
Non-current assets		
PRC, excluding Hong Kong, Macau and Taiwan	523,836	439,532
Hong Kong	15	1,302
	523,851	440,834

4. REVENUE AND OTHER INCOME

Revenue represents the net invoiced value of goods sold, net of trade discounts and returns and various types of government surcharges where applicable, and the value of services rendered:

	2013 HK\$'000	2012 <i>HK\$'000</i>
Revenue		
Sale of goods	—	—
	—	—
Other income		
Sundry income	25	3
	25	3

5. FINANCE COSTS

	2013 HK\$'000	2012 <i>HK\$'000</i>
Interest on bank borrowing	797	894
Interest and amortisation on convertible bonds	1,644	1,524
Interest on short term loans	921	524
Interest on long term loans	28,378	19,940
Finance costs	31,740	22,882

The weighted average capitalisation rate on funds borrowed generally is 8.75% per annum (2012: 12.12% per annum).

6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging the following:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Auditors' remuneration	1,000	1,000
Loss on disposal of available for sale investment	25,596	10,443
Amortisation of intangible assets	1,846	673
Depreciation*	231	36
Operating lease rentals in respect of land and buildings	889	1,211
Staff costs including directors' emoluments:		
Salaries, wages, allowances and benefits in kind	11,059	12,195
Retirement benefits scheme contributions	92	102
Staff costs	11,151	12,297

* *HK\$231,000 (2012: HK\$36,000) are included in administrative expenses and HK\$ nil (2012: HK\$ nil) are included in cost of sales.*

7. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made in the financial statements as the Group had no assessable profit for the year (2012: Nil).

Overseas taxation represents tax charges on the estimated assessable profits of subsidiaries operating overseas including the PRC, calculated at rates applicable in the respective jurisdictions for the year.

The reconciliation between the income tax expense and accounting loss at applicable tax rates:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Loss before tax	(89,534)	(64,494)
Tax at the applicable tax rate in Hong Kong	(14,773)	(10,642)
Tax effect of non-deductible expenses	5,818	4,293
Effect of different tax rates of subsidiaries operating in other jurisdictions	(4,231)	(3,060)
Tax effect of tax losses not recognised	13,186	9,409
Income tax expense	-	-

8. DIVIDEND

No dividend has been paid or proposed by the Company for the years ended 31 March 2013 and 2012.

9. LOSS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the equity holders of the Company is based on the following:

Basic

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Loss attributable to the equity holders of the Company	(75,689)	(54,970)
Weighted average number of ordinary shares in issue	<u>13,448,488,271</u>	<u>13,448,488,271</u>
Basic earnings per share (<i>HK cents</i>)	<u>(0.56)</u>	<u>(0.41)</u>

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume exercise/conversion of all dilutive potential ordinary shares. The Company has 2 category of dilutive potential ordinary shares: share options and convertible bonds.

For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market price of the Company's shares during the year) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated above is compared with the number of shares that would have been issued assuming the exercise of the share options. Hence, the share options have a dilutive effect only when the average market price of ordinary shares during the year exceeds the exercise price of the share options.

For the convertible bonds, they are assumed to have been converted into ordinary shares, and the loss attributable to the equity holders of the Company is adjusted to eliminate the interest expenses of the convertible bonds.

The computation of diluted earnings per share for the year ended 31 March 2013 and 2014 did not assume the exercise of the Company's outstanding share options since the Company's shares were suspended in listing and there is no market price for the shares.

The computation of loss per share for the years ended 31 December 2013 and 2012 did not assume the conversion of the Company's outstanding convertible bonds since their assumed conversion would result in a decrease in loss per share.

10. OTHER RECEIVABLES AND PREPAYMENTS

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Other receivables, deposits and prepayments	<u>57,584</u>	<u>43,342</u>
	<u>57,584</u>	<u>43,342</u>

An analysis of other receivables, deposits and prepayments are as follows:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Prepayment for the intended ore refinery	39,437	28,913
Others	<u>18,147</u>	<u>14,429</u>
	<u>57,584</u>	<u>43,342</u>

The fair values of other receivables approximate their carrying amounts.

11. TRADE AND OTHER PAYABLES

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Trade payables	7,562	7,562
Other payables and accruals	<u>75,320</u>	<u>75,320</u>
	<u>82,882</u>	<u>82,882</u>

Included in other payables and accruals are HK\$27,301,000 (2012: HK\$22,211,000) payable to present and former directors of the Company.

As of the end of the reporting period, the ageing analysis of trade payables based on the demand note date, is as follows

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
0-30 days	-	-
31-60 days	-	-
61-90 days	-	-
Over 90 days	<u>7,562</u>	<u>8,953</u>
	<u>7,562</u>	<u>8,953</u>

12. BORROWINGS

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Bank borrowings	10,501	10,953
Short-term loans	11,590	9,920
Long-term loans	<u>425,101</u>	<u>234,746</u>
	<u>447,192</u>	<u>255,619</u>

The Group's interest-bearing loans were repayable as follows:

Amount due within one year included in current liabilities	22,091	20,873
Amount due after one year	425,101	234,746

The bank borrowings bear interest at prevailing rates and secured by the mining right owned by the Group and the interest rate is 7.49% (2012: 7.49%).

The short-term loan is unsecured and the interest rate is 5% (2012: 5%) per annum.

The long term loans are secured by the inventories of Taizhou Mining and the interest rate is nil to 24% (2012: nil to 24%).

The above borrowings are carried at amortised cost and the carrying amounts of interest-bearing borrowings approximate to their fair value.

EXTRACT OF INDEPENDENT AUDITOR’S REPORT

The following are extracted from the independent auditor’s report on the consolidated financial statements of the Group for the year ended 31 March 2013.

“Basis for Disclaimer of Opinion

(i) Opening balance on provision of PRC Enterprise Income Tax

We are unable to obtain sufficient audit evidence to satisfy ourselves for the amount of the PRC Enterprise Income Tax provision brought down from previous years had been properly handled by the Company, and the related disclosures had been properly recorded and reflected in the consolidated financial statements as at and for the financial year-end.

(ii) Inventories

We have been invited to attend the physical inventory count conducted by the Company in November 2016. However, due to the prolonged period of time elapsed between the date of physical inventory count attended and the financial year-end, we are unable to satisfy ourselves with any other alternative procedures to be performed on verifying the details of movements provided by the Company, and therefore on the amount of inventories and the related disclosures had been properly recorded and reflected in the consolidated financial statements as at and for its financial year-end.

(iii) Property, plant and equipment and mining rights

We are unable to obtain sufficient audit evidence to satisfy ourselves to ascertain the recoverable amount of the property, plant and equipment and mining rights as to whether the Company can continue as a going concern in continuing its operation to generate sufficient amount of cash to substantiate their recoverability and unable to determine whether any impairment is therefore needed as based on the assumptions as provided by the Company to its valuer under the going concern assumptions with our audit procedures and hence if the related disclosures had been properly recorded and reflected in the consolidated financial statements as at and for its financial year-end.

(iv) Fundamental uncertainty – going concern

The issues on the events of default of convertible bond and also the subsequent winding-up petition instituted with the Grand Court of Cayman Islands as reported in the notes to the consolidated financial statements and certain unresolved litigations, among other things, indicate the existence of a material uncertainty which may cast significant doubt on the Group and its ability to continue as a going concern. We have disclaimed our opinion in respect of the appropriateness of adopting the going concern basis for the preparation of the consolidated financial statements.

Disclaimer of opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraphs, we have not been able obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been prepared in accordance with the Hong Kong Companies Ordinance.”

MANAGEMENT DISCUSSION AND ANALYSIS

Financial results

The principal activity of the Company is investment holding. Its subsidiaries (together with the Company collectively referred to as the “**Group**” hereinafter) are principally engaged in gold exploration, mining and mineral processing with gold concentrate as its product.

In the year ended 31 March 2013, the Group continued the business model of previous years, i.e. obtaining asset backing finance from financier with its inventories pledged as collaterals for its development. As such, the Group recorded no revenue for the year ended 31 March 2013 (2012: nil) while at the same time, the property (mostly exploration and mining tunnels and inclined mining shafts), plant and equipment of the Group increased by approximately HK\$85.0 million to approximately HK\$470.0 million as at 31 March 2013.

Consolidated loss of the Company amounted to approximately HK\$89.5 million for the year ended 31 March 2013 (2012: loss of approximately HK\$64.5 million). Basic loss per share was approximately HK cents 0.56 for the year ended 31 March 2013 (2012: loss of HK cents 0.41). There will be no payment of dividend for the year ended 31 March 2013 (2012: nil).

Liquidity, financial resources and funding

As at 31 March 2013, the Group had cash and cash equivalents of approximately HK\$0.1 million (2012: HK\$1.5 million). The Group had successfully turnaround from net current liabilities of approximately HK\$8.0 million as at 31 March 2012 to net current assets of approximately HK\$22.0 million as at 31 March 2013. The Group generally financed its operating activities with internally generated cash flow as well as borrowings as detailed in note 12 of this announcement. Since inventories of the Company’s operating subsidiary, Tongguan Taizhou Mining Company Limited (“**Taizhou Mining**”), were pledged to one of the financiers of Taizhou Mining rather than for sale, the Group’s inventories had increased from HK\$52.6 million as at 31 March 2012 to approximately HK\$99.7 million as at 31 March 2013.

As at 31 March 2013, the current ratio is 1.16 (2012: 0.92).

As at 31 March 2013, the Group’s gearing ratio was approximately 70% (31 March 2012: 53%), which was calculated based on total borrowings over total assets.

Charge on the Group’s assets

As at 31 March 2013, the Group’s bank borrowings were secured by the mining right owned by the Group whereas its long term loans were secured by the inventories of Taizhou Mining.

Exposure to exchange risks

Since the Group’s borrowings and its source of income are primarily denominated in the respective group companies functional currency which are mainly in Hong Kong dollars or Renminbi, the exposure to foreign exchange rate fluctuations is minimal.

Significant investment, material acquisition and disposal

During the year under review, the Group disposed of its investment in Apex Minerals NL, a company listed on the Australian Stock Exchange, and realised a loss on disposal of approximately HK\$25.6 million.

Between 2009 and 2010, the Company entered into a series of memorandum of understanding and agreements with the vendors in relation to the Company's proposed acquisition of equity interest in the target companies in Henan Province (the "**Henan Projects**") and paid to the Vendors an earnest monies totaling HK\$13.05 million.

Given that the Henan Projects have been dragging on for more than two years with little progress, the Company decides in the interests of the Company and its shareholders as a whole to discontinue of the Henan Projects. The earnest monies have been partially refunded totally \$8.2 million.

Related party transactions with connected person(s)

The loans from Ms. Zhao Yuebing, a director of Taizhou Mining and thus a connected person of the Group, to Taizhou Mining were fully exempted connected transactions pursuant to Chapter 20 of the GEM Listing Rules as these were conducted on normal commercial terms or better and were not secured by the assets of the Group.

The New Board (as defined below) makes no representation on the compliance of the GEM Listing Rules in relation to the related party transactions between the Former Director(s) (as defined below) and the Group in the year ended 31 March 2013.

Employees and remuneration policies

As at 31 March 2013, the Group had 129 employees (2012: 126) situated mainly in the PRC and Hong Kong. The Group's emoluments policies are formulated based on industry practices and performance of individual employees. For the year ended 31 March 2013, the total staff costs (including directors' emoluments) amounted to approximately HK\$11.2 million (2012: HK\$12.3 million). During the year ended 31 March 2013, no share option had been granted by the Company. Details of employees' remuneration are set out in note 6 of this announcement.

MATERIAL CHANGE IN THE MANAGEMENT TEAM OF THE COMPANY

Subsequent to the financial year ended 31 March 2013, there had been material changes in the management team of the Company as follows:

- (a) (i) the offices of Mr. Chan Yeuk Sen and Mr. Guo Jian Jun as Directors were vacated in accordance with the articles of association of the Company with effect from the close of the board meeting held on 9 November 2012 as they had been absent from meetings of the Board for more than six consecutive months and no alternate Director has attended in their places; (ii) all but one members of the old Board resigned as of 23 March 2016, namely Mr. Lee Shing, Ms. Kwok Tai Pan, Dr. Cheung Wai Pun Charles JP and Mr. Jiao Zhi ((i) and (ii) are hereinafter collectively, the "**Former Directors**"). Save and except for Mr. Orr Joseph Wai Shing ("**Mr. Orr**") who is an existing independent non-executive Director since 22 December 2008 and were/are not involved in the daily management and operation of the Group, all of the existing Directors (the "**New Board**") only came into place from late February to late April 2016; and

- (b) Mr. Leung Siu Kuen, the Company Secretary of the Company appointed in place of Mr. Ho Wing Kai since 13 July 2010, resigned with effect from 1 July 2012. Mr. Ng Wai Kee was appointed as the Company's Company Secretary with effect from 1 July 2012 and resigned with effect from 5 April 2016. Ms. Lam Yuen Ling Eva has been appointed as the Company Secretary of the Company with effect from 6 April 2016.

POST BALANCE SHEET EVENTS

(i) Conditional Approval of the Listing Appeals Committee on the Company's Resumption for Trading

Trading in the shares of the Company ("**Shares**") has been suspended since 11 November 2010.

On 4 June 2015, the GEM Listing Committee decided to proceed with the cancellation of the listing of the Shares and the Company was required to submit a resumption proposal by 4 December 2015.

On 15 January 2015, the GEM Listing Committee decided that the resumption proposal submitted by the Company on 4 December 2015 was not viable and decided to cancel the listing of the Shares (the "**Listing Decision**").

Notwithstanding the review application made by the Company in January 2016, on 8 April 2016, the Company was informed that the GEM Listing (Review) Committee decided that the resumption proposal submitted by the Company in March 2016 was not viable and thus uphold the Listing Decision.

The New Board appointed Proton Capital Limited as the sole financial adviser of the Company in respect of the Company's resumption and on 15 September 2016, the Company submitted a revised resumption proposal ("**Resumption Proposal**") to the Listing Appeals Committee.

Following the review hearing held on 9 December 2016, the Listing Appeals Committee decided to accept the Resumption Proposal, subject to the Company's compliance with the conditions ("**Conditions**") as summarised below to the satisfaction of the Listing Department by 14 March 2017:

1. publication of audited consolidated financial statements for all the outstanding financial results of the Group with no material audit qualifications indicating questions with respect to the consolidation of the results of Taizhou Mining;
2. resolution of any audit qualification issues;
3. providing a working capital forecast with: (a) all principal assumptions (including appropriate sensitivity analysis relating to gold and RMB movements) for at least twelve months from the expected trading resumption date; (b) a comfort letter from the auditors or financial advisers confirming that they are satisfied that the working capital forecast of the Group has been made by the Directors after due and careful enquiry; (c) assurance to the satisfaction of the Listing Department that any equity financing including the open offer (the "**Open Offer**") will be completed; and
4. conduct a follow up review by a professional party to demonstrate to the satisfaction of the Listing Department, all material weaknesses identified have been rectified and that the Group has in place an adequate and effective financial reporting procedures and internal control systems.

The Listing Appeals Committee also stated in its letter that resumption of trading in the Company's securities should be within a reasonably short period of time after compliance with the Conditions.

(ii) Full repayment of bank borrowings and release of security over the Group's mining rights

In mid-2016, the Group fully repaid its bank borrowings and thus, the security over the Group's mining rights has been released.

(iii) Litigation instituted by Mr. Lau Kin, a purported creditor, in the Cayman Islands

The Company had been served with a winding-up petition by Mr. Lau Kin, a purported creditor of the Company to the Grand Court of the Cayman Islands against the Company. The petitioning debt stated in the winding-up petition is an alleged sum due to Mr. Lau Kin by the Company of HK\$19,494,230.43, comprising HK\$16,882,000.00 principal and interest of HK\$2,612,230.43 as of 3 May 2016 (the "**Lau Kin Claim**"). Mr. Lau Kin seeks an order for the appointment of joint official liquidators to the Company.

Mr. Lau Kin alleged that by a deed of assignment made between Dragon Hill Development Limited ("**Dragon Hill**") and him dated 3 May 2016, Dragon Hill assigned to him a purported debt of the Company in the amount of HK\$19,494,230.43 at a consideration of HK\$2 million only.

According to the information available to the Company:

- (i) Mr. Lee Shing and Ms. Kwan To Yin are directors and shareholders of Dragon Hill holding approximately 85% and 15% shares therein, respectively;
- (ii) Mr. Lee Shing was an executive director of the Company from 17 July 2009 to 23 March 2016. During the aforesaid period, Mr. Lee Shing was (a) the chairman of the board of directors of the Company from 30 September 2009 to 8 November 2011; and (b) the sole executive director of the Company from 28 May 2015 to 23 February 2016.
- (iii) Mr. Lee Shing, by himself and/or via his wholly-owned company, Yong Li Investments Limited, is interested in approximately 11.15% of the existing issued shares of the Company.

The Company considers the validity of the Lau Kin Claim is in question and is investigating into and seeking legal advice in relation thereto. If the Lau Kin Claim is indeed found to be valid, the Lau Kin Claim will be fully settled from the net proceeds of the Open Offer.

With agreement of all parties involved, hearing date of the Grand Court of the Cayman Islands for the aforesaid litigation shall be further adjourned with a hearing to be held on the first available date after 14 March 2017 (Cayman time).

(iv) Litigation instituted by Mr. Lee Shing, a purported creditor, in Hong Kong

The Company has recently been served with a petition for the winding-up of the Company by Mr. Lee Shing (a former executive director, ex-Chairman, an existing substantial shareholder of the Company) to the High Court, Hong Kong Special Administrative Region under the provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the laws of Hong Kong) (the "**Lee Shing Petition**").

Mr. Lee Shing alleged in the Lee Shing Petition that the Company is indebted to him in the sum of HK\$18,223,125.50 (the “**Alleged Indebtedness**”), comprising (i) a purported loan of HK\$6,925,000.00 assigned by a former Director to Mr. Lee Shing on 12 April 2010; (ii) a loan purportedly provided by Mr. Lee Shing plus interest calculated up to 30 August 2016 of HK\$7,019,020.50 in aggregate; and (iii) director’s emoluments and reimbursements of HK\$4,279,105.00 in aggregate.

Before the presentation of the Lee Shing Petition by Mr. Lee Shing, the Company had been in the course of requesting relevant documents and supportings from Mr. Lee Shing so as to substantiate and verify the Alleged Indebtedness. Although Mr. Lee Shing’s legal adviser has indicated his client’s intention to provide, the Company has never received any of the requested documents up to the date of this announcement.

The first hearing date of the Lee Shing Petition has been scheduled to take place on 15 March 2017 in the High Court, Hong Kong Special Administrative Region. For the avoidance of doubt, 15 March 2017 is not a winding up date of the Company. According to the legal advice obtained by the Company, the hearing of 15 March 2017 is an endorsed hearing whereby a Master would check whether all procedural matters have been complied with and ascertain whether the Company or any other person would oppose to the Lee Shing Petition. If the Company opposes to the Lee Shing Petition at the hearing to be held on 15 March 2017, the case would be adjourned before a High Court Judge for his/her directions as to filing of evidence and other court documents.

The Company is seeking legal advice and endeavor to vigorously oppose the Lee Shing Petition. In light of the conditional approval to the Resumption Proposal from the Listing Appeals Committee as detailed in the Company’s announcement dated 19 December 2016, the Company is implementing the Resumption Proposal whereby a fund raising plan will be conducted to fully settle, among others, the Alleged Indebtedness if verified.

PROSPECT

In view of the conditional approval for resumption of trading granted by the Listing Appeals Committee, the New Board is intensifying its effort to implement the Resumption Proposal, which include the Open Offer, debt capitalisation, debt settlement and release of all outstanding financial results, so as to fulfill the Conditions as soon as possible for resumption in trading of the shares of the Company.

As disclosed in the announcements of the Company dated 21 July 2016 and 7 December 2016, the Company will conduct the Open Offer on the basis of 1 Offer Share for each two existing Shares held at a price of not more than HK\$0.02 for each Offer Share in order to raise gross proceeds of approximately HK\$100 million to HK\$130 million. The Company will utilise the net proceeds of the Open Offer for settlement of its indebtedness and as working capital of the Group. Meanwhile, certain debts will be capitalised and settled by way of issue of new Shares of not more than HK\$0.02 per new Share. The Company expects that upon completion of the Resumption Proposal, the financial position, net assets value and cash flow of the Group will be significantly improved.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the year.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

Due to the material change as stated in the section headed “Material Change in the Management Team of the Company”, the New Board cannot make any representation about the adoption and/or compliance of the principles and the applicable provisions of the Code on Corporate Governance Practices (the “Code”) set out in Appendix 15 to the GEM Listing Rules by the Company and/or the Former Directors for the period during the year ended 31 March 2015, however, based on the information available to the New Board, the Company had the following deviations from the Code during the year ended 31 March 2013:

Code Provision A.4.1 and A.4.2

Code Provisions A.4.1 of the Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election. Code provision A.4.2 of the Code further stipulates, among others, that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

The Company’s non-executive directors were not appointed for a fixed terms. The Company had not held any annual general meeting since the latest annual general meeting held on 16 August 2010 as it had not yet published its audited accounts since the year ended 31 March 2010. As such, the Resigned Director and Mr. Orr had not been retired by rotation at least once every three years.

DIRECTORS’ SECURITIES TRANSACTIONS

Due to the material change as stated in the section headed “Material Change in the Management Team of the Company”, the New Board cannot make any representation to the compliance of the required standard of dealings as set out in Rules 5.46 to 5.67 of the GEM Listing Rules by the Former Directors in the year ended 31 March 2013.

Having made specific enquiry, Mr. Orr confirmed that he had complied with the required standard of dealings and the code of conduct regarding securities transactions by Directors adopted by the Company during the year ended 31 March 2013.

COMPLIANCE WITH RULE 5.15

Due to the material change as stated in the section headed “Material Changes in the Management Team of the Company”, the New Board cannot make any representation to the compliance of Rule 5.15 of the GEM Listing Rules by the Company’s former Company Secretary during the year under review.

AUDIT COMMITTEE

The audit committee comprises three independent non-executive directors, Mr. Jiang Quanming, Mr. Orr and Mr. Guo Wei. The audit committee has reviewed the audited financial results of the Group for the year ended 31 March 2013.

PUBLICATION OF FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This final results announcement is published on the GEM website at www.hkgem.com and on the website of the Company at <http://www.aplushk.com/clients/8299GrandTG/>. The annual report of the Company for the year ended 31 March 2013 will also be despatched to the shareholders of the Company and published on the aforesaid websites in due course.

For and on behalf of the Board
Grand T G Gold Holdings Limited
Li Dahong
Chairman

Hong Kong, 16 February 2017

The English text of this announcement shall prevail over the Chinese text in case of inconsistencies.

As at the date hereof, the Board comprises of Dr. Li Dahong (executive Director), Mr. Feng Jun (executive Director), Mr. Jiang Zhiyong (executive Director), Ms. Ma Xiaona (non-executive Director), Mr. Orr Joseph Wai Shing (independent non-executive Director), Mr. Jiang Quanming (independent non-executive Director) and Mr. Guo Wei (independent non-executive Director).