



Grand T G
Gold Holdings Ltd.

Grand T G Gold Holdings Limited
大唐金控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 8299)

Third Quarterly Report 2008

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This report, for which the directors (the “Directors”) 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 Growth Enterprise Market 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: (i) the information contained in this report is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this report misleading; and (iii) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

The board of Directors (the "Board") of the Company announces the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the nine months ended 31 December 2008, together with the comparative unaudited figures for the nine months ended 31 December 2007 (the "Corresponding Period"), as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	(Unaudited) Nine months ended 31 December		(Unaudited) Three months ended 31 December	
		2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Revenue	3	124,219	217,579	16,407	48,827
Cost of sales		(99,441)	(203,581)	(18,898)	(45,203)
Gross profit		24,778	13,998	(2,491)	3,624
Other income	5	68	200	13	85
Amortisation on exploration and evaluation assets		(5,214)	–	(1,973)	–
Selling and distribution expenses		(524)	(3,767)	(62)	(188)
Administrative expenses		(24,043)	(9,741)	(10,617)	(3,450)
Operating (loss)/profit	6	(4,935)	690	(15,130)	71
Finance costs	7	(16,516)	(510)	(5,383)	(42)
(Loss)/profit before taxation		(21,451)	180	(20,513)	29
Taxation	8	(176)	461	(5)	(53)
(Loss)/profit for the period		(21,627)	641	(20,518)	(24)
Attributable to:					
Shareholders of the Company		(24,604)	641	(18,819)	(24)
Minority interests		2,977	–	(1,699)	–
(Loss)/profit for the period		(21,627)	641	(20,518)	(24)
Dividends	9	–	–	–	–
		HK Cents	HK Cents	HK Cents	HK Cents
(Loss)/earnings per share	10				
Basic		(0.394)	0.018	(0.249)	(0.001)
Diluted		N/A	N/A	N/A	N/A

NOTES TO UNAUDITED CONDENSED CONSOLIDATED RESULTS

1. GENERAL INFORMATION

The Group is principally engaged in (i) gold exploration, mining and mineral processing in the People's Republic of China (the "PRC") (the "Gold Mining Division"); and (ii) the design, manufacture and distribution of desktop personal computer display cards (the "PC Component Division").

2. BASIS OF PREPARATION

The unaudited condensed consolidated results for the nine months ended 31 December 2008 have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the GEM Listing Rules.

Tongguan Taizhou Mining Company Limited ("Taizhou Mining") was a privately owned enterprise in the PRC before completion of the Company's acquisition of the entire issued share capital of SSC Mandarin Mining Investment Limited in April 2008 and its system controls has been highly depended upon the close involvement of Taizhou Mining's directors and one of them was also the general manager Taizhou Mining. Certain books and records were kept by the former general manager of Taizhou Mining, who has been replaced as part of the reorganization of the corporate and management structure of the Gold Mining Division aimed at further strengthening this division's control procedures and operation. In preparation of the unaudited condensed consolidated results, the Directors have made certain judgment and estimates based on enquiries and other information in this regard. The accounting policies adopted in preparing the unaudited condensed consolidated results are consistent with those followed in the annual financial statements for the year ended 31 March 2008 except for the accounting policy on revenue recognition mentioned below.

Revenue recognition

Revenue associated with the Gold Mining Division is recognized on the transfer of the significant risks and rewards of ownership, which generally coincides with the delivery of goods.

3. REVENUE

Revenues recognized in the periods are as follows:

	(Unaudited) Nine months ended 31 December		(Unaudited) Three months ended 31 December	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Gold Mining Division	37,044	–	524	–
PC Component Division	87,175	217,579	15,883	48,827
Total revenue	124,219	217,579	16,407	48,827

4. SEGMENTAL INFORMATION

Business segment information is chosen as the primary reporting format because this is more relevant to the Group in making operating and financial decisions. Segment information by business segment is presented as follows:

Primary reporting format – business segments

	(Unaudited)							
	Nine months ended 31 December							
	Gold Mining		PC Component		Corporate		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:								
Turnover for external customers	37,044	–	87,175	217,579	–	–	124,219	217,579
Gross profit	23,486	–	1,292	13,998	–	–	24,778	13,998
Other income	9	–	59	200	–	–	68	200
Operating expenses	(10,792)	–	(5,189)	(8,997)	(5,324)	(1,925)	(21,305)	(10,922)
Depreciation and amortisation	12,703	–	(3,838)	5,201	(5,324)	(1,925)	3,541	3,276
	(5,403)	–	(3,073)	(2,586)	–	–	(8,476)	(2,586)
Segment results	7,300	–	(6,911)	2,615	(5,324)	(1,925)	(4,935)	690
Finance costs							(16,516)	(510)
(Loss)/profit before taxation							(21,451)	180
Taxation							(176)	461
(Loss)/profit after taxation							(21,627)	641
Minority interest							(2,977)	–
Net (loss)/profit for the period							(24,604)	641

Secondary reporting format – geographical segments

	(Unaudited)		(Unaudited)	
	Nine months ended		Three months ended	
	31 December		31 December	
	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue by location of customers				
PRC, excluding Hong Kong and Taiwan	69,412	93,618	10,760	19,598
Taiwan	34,680	75,458	1,109	20,671
Hong Kong	2,139	12,685	565	633
Singapore	3,541	6,581	721	2,063
Australia	720	1,404	37	262
Other Asia – Pacific regions	12,564	21,983	3,098	5,354
Europe	154	2,584	9	246
Other regions	1,009	3,266	108	–
	124,219	217,579	16,407	48,827

5. OTHER INCOME

	(Unaudited)		(Unaudited)	
	Nine months ended		Three months ended	
	31 December		31 December	
	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest income	69	3	13	1
Gain on disposal of fixed assets	10	–	–	–
Sundry income	(11)	197	–	84
	68	200	13	85

6. OPERATING (LOSS)/PROFIT

Operating (loss)/profit is stated after charging the following:

	(Unaudited)		(Unaudited)	
	Nine months ended		Three months ended	
	31 December		31 December	
	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cost of inventories sold	99,441	203,581	18,898	45,203
Amortisation of intangible assets	5,214	–	1,973	–
Amortisation of land lease premium	27	25	9	8
Depreciation	3,235	2,561	1,102	887
Operating lease rentals in respect of land and buildings	939	702	253	316
Impairment loss recognized in respect of trade and other receivables	–	3,062	–	–
Research and development cost	643	849	216	334
Staff costs including directors' emoluments	16,699	10,998	6,246	3,341

7. FINANCE COSTS

	(Unaudited)		(Unaudited)	
	Nine months ended		Three months ended	
	31 December		31 December	
	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amortisation of convertible bonds	13,426	–	4,314	–
Interest on bank loans and overdrafts	1,004	510	287	42
Interest on promissory note	2,086	–	782	–
	16,516	510	5,383	42

8. TAXATION

	(Unaudited)		(Unaudited)	
	Nine months ended		Three months ended	
	31 December		31 December	
	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong profits tax	–	45	–	45
Overseas taxation	140	21	–	(5)
	140	66	–	40
Deferred tax charged/(credit)	36	(527)	5	13
	176	(461)	5	53

Hong Kong profits tax is calculated at the rate of 16.5% (nine months ended 31 December 2007: 17.5%) on the estimated assessable profits arising in or derived from Hong Kong for the period.

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 period.

SPI Distribution Macao Commercial Offshore Limited (“Espco Macau”) has been registered as an “Offshore Commercial Services Institution” with the Macao Trade and Investment Promotion Institute. In accordance with the Macao Special Administrative Region’s Offshore Law, Espco Macau is exempted from Macau income tax derived from its offshore business.

The applicable tax rate of Taizhou Mining is 25%.

9. DIVIDENDS

The Board does not recommend the payment of any dividend for the nine months ended 31 December 2008 (nine months ended 31 December 2007: Nil).

10. (LOSS)/EARNINGS PER SHARE

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

	(Unaudited) Nine months ended 31 December		(Unaudited) Three months ended 31 December	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
(Loss)/earnings for the purposes of basic (loss)/earnings per share, being (loss)/profit attributable to equity holders of the Company	(24,604)	641	(18,819)	(24)
Amortisation of convertible bonds	13,426		4,314	
Loss for the purpose of diluted earnings per share	(11,178)*		(14,505)*	
	Number of shares		Number of shares	
Weighted average number of ordinary shares for the purposes of basic earnings per share	6,242,870,335	3,571,362,000	7,558,566,783	3,571,362,000
Effect of dilutive potential ordinary shares: convertible bonds	3,885,607,825		3,704,864,261	
Weighted average number of ordinary shares for the purpose of diluted earnings per share	10,128,478,160*		11,263,431,044*	

* As the amount of diluted earnings per share will increase when taking into account of the convertible bonds issued by the Company on 30 April 2008 ("Convertible Bonds"), the Convertible Bonds had an anti-dilutive effect on the basic earnings per share for the period. Therefore, no diluted earnings per share amount is disclosed.

No diluted earnings per share has been presented for the nine months ended 31 December 2008 as there were no dilutive potential ordinary shares outstanding.

11. MOVEMENT OF RESERVES

	Share premium HK\$'000	Exchange reserve HK\$'000	Capital reserve HK\$'000	Other reserve HK\$'000	Revaluation reserve HK\$'000	Statutory surplus reserve HK\$'000	Statutory welfare fund HK\$'000	Statutory general reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Minority interests HK\$'000	Total HK\$'000
For the nine months ended 31 December 2008 (Unaudited)												
At 1 April 2008	98,045	2,147	13,463	-	10,480	325	162	485	26,686	151,793	-	151,793
Exchange differences arising from translation of financial statements of overseas subsidiaries	-	11	-	-	-	-	-	-	-	11	60	71
Acquisition of interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	38,082	38,082
Issue of Convertible Bonds	-	-	-	31,121	-	-	-	-	-	31,121	-	31,121
Conversion of Convertible Bonds	263,545	-	-	(10,152)	-	-	-	-	-	253,393	-	253,393
Issue of shares	425,173	-	-	-	-	-	-	-	-	425,173	-	425,173
Loss for the period	-	-	-	-	-	-	-	-	(24,604)	(24,604)	2,977	(21,627)
At 31 December 2008	786,763	2,158	13,463	20,969	10,480	325	162	485	2,082	836,887	41,119	878,006
For the nine months ended 31 December 2007 (Unaudited)												
At 1 April 2007	18,972	1,294	13,463	-	7,748	325	162	485	39,682	82,131	-	82,131
Exchange differences arising from translation of financial statements of overseas subsidiaries	-	875	-	-	-	-	-	-	-	875	-	875
Profit for the period	-	-	-	-	-	-	-	-	641	641	-	641
Dividends - 2007 final	-	-	-	-	-	-	-	-	(1,393)	(1,393)	-	(1,393)
At 31 December 2007	18,972	2,169	13,463	-	7,748	325	162	485	38,930	82,254	-	82,254

12. CONTINGENT LIABILITIES

As at 31 December 2008, five (as at 31 March 2008: five) employees of the Group have completed the required number of years of service under the Hong Kong Employment Ordinance (the "Employment Ordinance") to be eligible for long service payments on termination of their employment. The Group is only liable to make such payments where the termination meets the circumstances specified in the Employment Ordinance.

If the termination of all such employees meets the circumstances as set out in the Employment Ordinance, the Group's liability as at 31 December 2008 would be approximately HK\$249,000 (as at 31 March 2008: HK\$249,000). No provision has been made by the Group in this respect.

Save as disclosed above, the Group did not have any significant contingent liabilities as at 31 December 2008.

13. COMPARATIVE FIGURES

Certain comparative figures have been re-classified to conform with current period's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Total turnover of the Group for the nine months ended 31 December 2008 amounted to approximately HK\$124.2 million, representing a decrease of approximately 42.9% from that of approximately HK\$217.6 million in the Corresponding Period. Despite the decrease in turnover, the Group's overall gross profit margin increased to approximately 19.9% from that of approximately 6.4% in the Corresponding Period. The aforesaid improvement in the period under review was mainly due to the consolidation of the results of the Gold Mining Division with that of the Group since 1 May 2008.

Gold Mining Division

During the period from 1 May 2008 to 31 December 2008, this business division recorded a turnover of approximately HK\$37 million with a gross profit of approximately HK\$23.5 million and a segment profit of approximately HK\$7.3 million. The gross profit and segment profit margins for these eight months were approximately 63.4% and 19.7% respectively.

PC Component Division

Due to the recent global financial turmoil and the economic downturn, turnover of this business segment decreased by 59.9% to approximately HK\$87.2 million (nine months ended 31 December 2007: approximately HK\$217.6 million). Its segment results dropped by HK\$9.5 million to a loss of approximately HK\$6.9 million (profit for the nine months ended 31 December 2007: approximately HK\$2.6 million).

Business Review and Prospect

Because of the recent global financial turmoil and the economic downturn, the performance of the PC Component Division had been adversely affected and due to the need of upgrading the mining and milling facilities and the reorganisation of the corporate and management structure of the Gold Mining Division, including but not limited to the replacement of the division's general manager, the Group record an unaudited consolidated loss of HK\$24.6 million for the nine months ended 31 December 2008.

The Board believes that the demand for personal computer products will continue to be significantly affected as the impacts of the global financial turmoil become more and more apparent. As such, the Group will scale down the operation of the PC Component Division and streamline it in order to minimize the loss of this division.

Compared with the PC Component Division, the Board is optimistic about the future of its Gold Mining Division. Although the revenue and profitability of the Gold Mining Division has been adversely affected by the reorganization and upgrading works recently, the Board believes that these measures will in the long run bring a higher return to the Group and eventually enhance the intrinsic value of the Shares. In addition, subsequent to the outbreak of the global financial turmoil in September 2008, international gold price has picked up an upward trend again since November 2008. The strong US dollars policy adopted by the Government of the United States further supports international gold price. As such, the Group will continue to focus on its gold mining business and apart from adopting the following strategies as stated in its interim report for the six months ended 30 September 2008, strive for early completion of its existing works of upgrading the mining and milling facilities and the reorganisation of the corporate and management structure of the Gold Mining Division so that the Group can be benefited from the opportunity arising from this crisis:

- enhance the existing production capacity
- building of additional ducts to gold veins of the mines owned by the Group
- continue the efforts in exploration and to increase the Group's resources
- further acquisition of additional exploration and mining rights

Material Acquisitions and Disposals

On 30 April 2008, the Company completed the acquisition of the entire issued share capital of SSC Mandarin Mining Investment Limited ("MIL") (the "Acquisition") at a consideration of HK\$1,212,000,000 which was satisfied by (i) HK\$60,000,000 in cash; (ii) HK\$207,360,000 by the issue of 1,382,400,000 shares of the Company (the "Shares") at an issue price of HK\$0.15 per Share; (iii) HK\$806,400,000 by the issue of the Convertible Bonds, which are convertible into new Shares at a conversion price of HK\$0.15 per new Share; and (iv) HK\$138,240,000 by the issue of promissory notes.

The details of the Acquisition, the Convertible Bonds and the promissory notes were contained in the circular of the Company dated 28 March 2008.

As at the date of this report, Convertible Bonds in the principal amount of HK\$263,035,200 have been converted to 1,753,568,000 new Shares at the conversion price of HK\$0.15 per new Share.

Save as disclosed above, the Group did not have any material acquisitions and disposals of subsidiaries during the nine months ended 31 December 2008.

CHANGE OF COMPANY NAME

Pursuant to a special resolution passed at the extraordinary general meeting held on 10 July 2008 (the "EGM"), the Company's name was changed from Espco Technology Holdings Limited 易盈科技控股有限公司 to Grand T G Gold Holdings Limited with 大唐潼金控股有限公司 adopted as the Chinese name for identification purpose. This change of company name was approved by the Registrar of Companies in the Cayman Islands on 10 July 2008 and the Registrar of Companies in Hong Kong on 6 August 2008.

FUND RAISING EXERCISES

Subscription Agreements with Chow Tai Fook Nominee Limited

The Company had entered into a letter of intent dated 26 June 2008 as well as a share subscription agreement (the "Share Subscription Agreement") and an options subscription agreement (the "Options Subscription Agreement"), both dated 3 July 2008, with Chow Tai Fook Nominee Limited ("CTF"), a company beneficially owned by Dato' Dr. Cheng Yu-Tung, *DPMS, LLD(Hon), DBA(Hon), DSSc(Hon)*. The Share Subscription Agreement and the Options Subscription Agreement were completed on 29 July 2008 and 29 September 2008 respectively.

A total of 58,000,000 Shares were issued to CTF at a price of HK\$0.27 per Share pursuant to the Share Subscription Agreement. Pursuant to the Options Subscription Agreement, options were granted by the Company to CTF for the subscription of a maximum of 500,000,000 new Shares at a price of HK\$0.27 per new Share. As at the date of the report, no options have been exercised by CTF.

Subscription of new Shares in September 2008

On 1 September 2008, the Company entered into subscription agreements with 4 independent third parties (the "Subscribers"), whereby the Subscribers conditionally agreed to subscribe for 214,256,000 new Shares, in aggregate, at a price of HK\$0.07 per new Share (the "September Subscriptions"). The September Subscriptions were completed on 18 September 2008 and a total of 214,256,000 new Shares were issued to the Subscribers.

Subscription of new Shares in October 2008

On 29 October 2008, the Company entered into subscription agreements with CTF and Honour Choice Investments Limited ("Honour Choice") respectively whereby the Company conditionally agreed to allot and issue and each of CTF and Honour Choice conditionally agreed to subscribe for 162,500,000 new shares and 75,000,000 new Shares respectively, totaling 237,500,000 new Shares, at the subscription price of HK\$0.072 per new Share with bonus shares on the basis of 3 bonus shares for 1 new share subscribed (the "October Subscriptions").

The October Subscriptions were completed on 5 December 2008 and a total of 950,000,000 new Shares were issued to the subscribers.

SHARE OPTION SCHEME

Pursuant to the written resolutions of the sole shareholder of the Company dated 6 September 2004, the Company adopted the share option scheme (the "Share Option Scheme") whereby share options to subscribe for Shares may be granted subject to and at the terms and conditions stipulated therein. Principal terms of the Share Option Scheme were summarised in the paragraph headed "Share Option Scheme" in Appendix 5 to the prospectus of the Company dated 14 September 2004. At the EGM, a resolution was passed to refresh the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme to 525,376,200 Shares. As at 31 December 2008, no share option was granted under the Share Option Scheme.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2008, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares pursuant to the Convertible Bonds ("Underlying Shares") and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were recorded in the register required to be kept under section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long positions in Shares and Underlying Shares of the Company

Name	Nature of interest	Number and class of securities	Approximate % of the issued share capital of the Company
Mr. Lee Sing Leung, Robin ("Mr. Lee")	Personal interest	1,544,720,000 Shares and 1,612,800,000 Underlying Shares (Note 1)	
	Interest in controlled corporations	110,000,000 Shares (Note 2)	
<i>Subtotal</i>		<i>1,654,720,000 Shares and 1,612,800,000 Underlying Shares</i>	<i>39.70%</i>
Mr. Chan Hing Yin ("Mr. Chan")	Interest in a controlled corporation	1,099,922,000 Shares (Note 3)	13.37%
Mr. Wong Kin Yick, Kenneth ("Mr. Wong")	Interest in a controlled corporation	260,000,000 Underlying Shares (Note 4)	3.16%

Notes:

1. The Underlying Shares were derived from interest of the Convertible Bonds in the principal amount of HK\$241,920,000 owned by Mr. Lee.
2. These Shares were held by Mr. Lee via Rubion International Limited, a company wholly and beneficially owned by Mr. Lee.
3. These Shares were held by Osborne Pacific Limited ("Osborne") which is wholly and beneficially owned by Mr. Chan.
4. These Underlying Shares were derived from interest of the Convertible Bonds in the principal amount of HK\$39,000,000 held by Bouncy International Limited, a company wholly and beneficially owned by Mr. Wong.

Save as disclosed above, as at 31 December 2008, none of the Directors or chief executives of the Company had any interests and short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were recorded in the register required to be kept under section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rule 5.46 to 5.67 of the GEM Listing Rules.

PERSONS WHO HAVE AN INTEREST OR SHORT POSITION WHICH IS DISCLOSEABLE UNDER DIVISION 2 AND 3 OF PART XV OF THE SFO AND SUBSTANTIAL SHAREHOLDING

Name	Nature of interest	Number and class of securities	Approximate % of the issued share capital of the Company
J. Thomson Asset Investment Limited ("J. Thomson")	Beneficial owner	600,000,000 (L) Underlying Shares (Note 1)	7.29% (L)
Mr. Leung Heung Ying, Alvin ("Mr. Leung")	Interest in a controlled corporation	600,000,000 (L) Underlying Shares (Note 1)	7.29% (L)
Osborne	Beneficial owner	1,099,922,000 Shares (L) (Note 2)	13.37% (L)
Mrs. Chan, Selma	Family interest of controlled corporation	1,099,922,000 Shares (L) (Note 3)	13.37% (L)
CTF	Beneficial owner	708,000,000 Shares (L) and 500,000,000 option shares (Note 4)	14.68% (L)
Dato' Dr. Cheng Yu-Tung, DPMS, LLD(Hon), DBA(Hon), DSSc(Hon) ("Dr. Cheng")	Interest in a controlled corporation	708,000,000 Shares (L) and 500,000,000 option shares (Note 5)	14.68% (L)
Galaxy Asset Management (H.K.) Limited	Investment manager	578,416,000 Shares (L) and 571,408,000 Shares (S)	7.03% (L) 6.94% (S)

Notes:

1. These Underlying Shares were derived from interest of the Convertible Bonds in the principal amount of HK\$90,000,000 held by J. Thomson, a company wholly and beneficially owned by Mr. Leung.
2. These Shares were held by Osborne, a company wholly and beneficially owned by Mr. Chan.
3. These were the same Shares held by Osborne. As Mrs. Chan, Selma is the spouse of Mr. Chan, she is deemed to have interests in the Shares held by Osborne, which is wholly and beneficially owned by Mr. Chan.
4. On 29 September 2008, the Company granted options to CTF for the subscription of 500,000,000 new shares at a subscription price of HK\$0.27 per new share pursuant to a resolution passed by the shareholders of the Company on 25 August 2008.
5. These were the same Shares and option shares held by CTF, which is wholly and beneficially owned by Dr. Cheng.

The letter "L" denotes a long position and the letter "S" denotes a short position.

Save as disclosed above, as at 31 December 2008, the Company had not been notified of any other person (other than the Directors or chief executives of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which were required to be kept under Section 336 of the SFO.

COMPETING INTERESTS

None of the Directors or the management shareholders of the Company or their respective associates (as defined in the GEM Listing Rules) had an interest in a business which competes or may compete with the business of the Group during the nine months ended 31 December 2008.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the nine months ended 31 December 2008, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the shares of the Company.

AUDIT COMMITTEE

The Company has established an audit committee (the "Audit Committee") with written terms of reference in compliance with the GEM Listing Rules.

The Audit Committee provides a link between the Board and the Company's external auditors in matters falling within the scope of the Group's audit, reviews the Company's annual report, half-yearly report and quarterly reports and provides advice and comments thereon to the Board, supervises the financial reporting process and internal control procedures of the Group and, monitors relationship with the Company's external auditors. The Audit Committee comprises three independent non-executive Directors, namely, Mr. Deng Xiang Xiong, Mr. Orr Joseph Wai Shing and Mr. Jiao Zhi, who is the chairman of the Audit Committee. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed financial reporting matters including a review of the unaudited condensed consolidated results for the nine months ended 31 December 2008.

By Order of the Board
Grand T G Gold Holdings Limited
Lee Sing Leung, Robin
Vice-Chairman

Hong Kong, 11 February 2009

As at the date of this report, the executive directors of the Company are Mr. Chan Hing Yin, Mr. Lee Sing Leung, Robin, Mr. Cheng Kam Chiu, Stewart, Mr. Cheng Ming Kit, Tommy, Mr. Wong Kin Yick, Kenneth and Mr. Zhao Baolong, Bill and the independent non-executive directors of the Company are Mr. Deng Xiang Xiong, Mr. Orr Joseph Wai Shing and Mr. Jiao Zhi.