



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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

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 (the “**Board**”) hereby announces the unaudited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the three months and six months ended 30 September 2014, together with the unaudited comparative figures for the corresponding periods in previous year as follows:

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2014

		(Unaudited) Three months ended 30 September		(Unaudited) Six months ended 30 September	
		2014	2013	2014	2013
	Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	4	—	—	—	—
Cost of sales		—	—	—	—
Gross profit		—	—	—	—
Other income/(losses)	4	1,784	(1)	2,119	(299)
Selling and distribution expenses		(18)	(708)	(337)	(1,468)
Administrative expenses		(4,712)	(5,108)	(10,245)	(11,479)
Operating results		(2,946)	(5,817)	(8,463)	(13,246)
Finance costs	5	(8,145)	(7,835)	(16,070)	(15,082)
Loss before tax	6	(11,091)	(13,652)	(24,533)	(28,328)
Income tax expense	7	—	—	—	—
Loss for the period		(11,091)	(13,652)	(24,533)	(28,328)
Loss for the period attributable to:					
Equity holders of the Company		(8,892)	(10,602)	(19,430)	(22,000)
Non-controlling interest		(2,199)	(3,050)	(5,103)	(6,328)
		(11,091)	(13,652)	(24,533)	(28,328)
		HK Cents	HK Cents	HK Cents	HK Cents
Losses per share					
Basic	9	(0.07)	(0.08)	(0.14)	(0.16)
Diluted		N/A	N/A	N/A	N/A

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2014

	(Unaudited) Three months ended 30 September		(Unaudited) Six months ended 30 September	
	2014	2013	2014	2013
Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss for the period	(11,091)	(13,652)	(24,533)	(28,328)
Other comprehensive income for the period:				
<i>Item that may be reclassified subsequently to profit or loss</i>				
Exchange differences arising from translation of financial statements of overseas subsidiaries	1,814	656	1,651	2,755
Fair value change and reclassification to profit or loss in regard of available for sale investment	—	—	—	—
	<u>1,814</u>	<u>656</u>	<u>1,651</u>	<u>2,755</u>
Total comprehensive loss for the period	<u>(9,277)</u>	<u>(12,996)</u>	<u>(22,882)</u>	<u>(25,573)</u>
Total comprehensive loss attributable to:				
Equity holders of the Company	(7,042)	(9,939)	(17,745)	(19,362)
Non-controlling interest	<u>(2,235)</u>	<u>(3,057)</u>	<u>(5,137)</u>	<u>(6,211)</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2014

		(Unaudited) 30 September 2014 HK\$'000	(Audited) 31 March 2014 HK\$'000
	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment		487,129	491,310
Prepaid land lease premium		1,262	1,249
Mining rights related assets		60,115	59,488
Construction in progress		—	—
Available-for-sale financial assets		—	—
		<u>548,506</u>	<u>552,047</u>
CURRENT ASSETS			
Inventories		153,035	136,714
Other receivables and prepayments	10	56,379	72,738
Cash and cash equivalents		672	400
		<u>210,086</u>	<u>209,852</u>
CURRENT LIABILITIES			
Trade and other payables	11	93,487	105,493
Deferred income		7,449	7,145
Promissory notes		12,500	12,500
Tax payables		431	426
Bonds		18,399	18,145
Interest-bearing borrowings		36,259	24,393
		<u>168,525</u>	<u>168,102</u>
NET CURRENT ASSETS		<u>41,561</u>	<u>41,750</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		590,067	593,797
NON-CURRENT LIABILITIES			
Long term loans		<u>533,461</u>	<u>514,309</u>
NET ASSETS		<u>56,606</u>	<u>79,488</u>
CAPITAL AND RESERVES			
Share capital		53,794	53,794
Reserves		<u>21,749</u>	<u>39,495</u>
Equity attributable to equity holders of the Company		75,543	93,289
Non-controlling interest		<u>(18,937)</u>	<u>(13,801)</u>
TOTAL EQUITY		<u>56,606</u>	<u>79,488</u>

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. Basis of preparation

The unaudited interim condensed consolidated financial statements for the six months ended 30 September 2014 have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “**GEM Listing Rules**”).

The preparation of the unaudited condensed consolidated financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a period-to-date basis. Actual results may differ from these estimates.

The unaudited condensed consolidated financial statements should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2014. The Group’s policies on financial risk management were set out in the financial statements included in the Company’s 2014 Annual Report and there have been no significant changes in the financial risk management policies for the six months ended 30 September 2014.

The unaudited condensed consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial instruments which are carried at fair value.

The accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the six months ended 30 September 2014 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2014.

The HKICPA has issued certain amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these developments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. SEGMENT INFORMATION

The Group had two operating segments for the six months ended 30 September 2014, 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:

Six months ended 30 September 2014

	Gold Mining HK\$'000	Corporate HK\$'000	Elimination HK\$'000	Total HK\$'000
Segment revenue:				
Turnover for external customers	—	—	—	—
Gross profit	—	—	—	—
Other income	2,119	—	—	2,119
Operating expenses	(5,004)	(5,448)	—	(10,452)
Depreciation and amortisation*	(130)	—	—	(130)
Segment results	(3,015)	(5,448)	—	(8,463)
Finance costs	(15,201)	(869)	—	(16,070)
Loss before tax	(18,216)	(6,317)	—	(24,533)
Income tax expense	—	—	—	—
Net loss for the period	(18,216)	(6,317)	—	(24,533)
Segment assets	757,264	1,794,167	(1,792,839)	758,592
Segment liabilities	839,847	220,009	(357,871)	701,985
Capital expenditure	1,288	—	—	1,288
Depreciation and amortisation**	10,628	—	—	10,628

	Gold Mining HK\$'000	Corporate HK\$'000	Elimination HK\$'000	Total HK\$'000
Segment revenue:				
Turnover for external customers	—	—	—	—
Gross profit	—	—	—	—
Other losses	(299)	—	—	(299)
Operating expenses	(7,503)	(5,332)	—	(12,835)
Deprecation and amortisation*	(112)	—	—	(112)
Segment results	(7,914)	(5,332)	—	(13,246)
Finance costs	(14,667)	(415)	—	(15,082)
Loss before tax	(22,581)	(5,747)	—	(28,328)
Income tax expense	—	—	—	—
Net loss for the period	<u>(22,581)</u>	<u>(5,747)</u>	<u>—</u>	<u>(28,328)</u>
Segment assets	<u>728,819</u>	<u>1,797,200</u>	<u>(1,813,369)</u>	<u>732,296</u>
Segment liabilities	<u>785,979</u>	<u>210,850</u>	<u>(416,997)</u>	<u>637,093</u>
Capital expenditure	<u>35,058</u>	<u>—</u>	<u>—</u>	<u>35,058</u>
Depreciation and amortisation**	<u>10,413</u>	<u>—</u>	<u>—</u>	<u>10,413</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 other parts of the PRC.

Segment information by geographical segments is presented as follows:

	(Unaudited)	
	Six months ended 30 September	
	2014	2013
	HK\$'000	HK\$'000
Non-current assets		
PRC, excluding Hong Kong, Macau and Taiwan	548,502	555,457
Hong Kong	4	10
	<u>548,506</u>	<u>555,467</u>

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:

	(Unaudited)		(Unaudited)	
	Three months ended		Six months ended	
	30 September		30 September	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue				
Sale of goods	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Other income				
Sundry income	<u>1,784</u>	<u>—</u>	<u>2,119</u>	<u>—</u>
	<u>1,784</u>	<u>—</u>	<u>2,119</u>	<u>—</u>

5. FINANCE COSTS

	(Unaudited)	
	Six months ended 30 September	
	2014	2013
	HK\$'000	HK\$'000
Interest on bank borrowing	363	384
Interest and amortisation on convertible bonds	615	—
Interest on short term loans	254	415
Interest on long term loans	<u>14,838</u>	<u>14,283</u>
Finance costs	<u>16,070</u>	<u>15,082</u>

The weighted average capitalisation rate on funds borrowed generally is 2.22% per annum (2013: 8.75% per annum).

6. LOSS BEFORE TAX

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

	(Unaudited) Three months ended 30 September		(Unaudited) Six months ended 30 September	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Auditors' remuneration	250	250	250	250
Amortisation of intangible assets	—	378	—	378
Depreciation*	5,236	5,119	10,628	10,035
Operating lease rentals in respect of land and buildings	113	110	562	221
Staff costs including directors' emoluments:				
Salaries, wages, allowances and benefits in kind	2,344	2,857	4,800	5,877
Retirement benefits scheme contributions	8	23	16	43
Staff costs	2,352	2,880	4,816	5,920

* HK\$130,558 (2013: HK\$111,665) are included in administrative expenses.

7. INCOME TAX EXPENSE

	(Unaudited) Three months ended 30 September		(Unaudited) Six months ended 30 September	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current tax – overseas				
Provision for the period	—	—	—	—
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 period (2013: 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 period.

8. DIVIDEND

No dividend has been paid or proposed by the Company for the six months ended 30 September 2014 and 2013.

9. LOSSES PER SHARE

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

Basic

	(Unaudited) Three months ended 30 September 2014 HK\$'000		(Unaudited) Six months ended 30 September 2014 HK\$'000	
	2013 HK\$'000		2013 HK\$'000	
Loss attributable to the equity holders of the Company	(8,892)	(10,602)	(19,430)	(22,000)
Weighted average number of ordinary shares in issue	13,448,488,271	13,448,488,271	13,448,488,271	13,448,488,271
Basic losses per share (HK cents)	<u>(0.07)</u>	<u>(0.08)</u>	<u>(0.14)</u>	<u>(0.16)</u>

Diluted

Diluted losses 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 1 category of dilutive potential ordinary shares: share options.

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 period) 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 period exceeds the exercise price of the share options.

The computation of diluted losses per share for the six months ended 30 September 2014 and 2013 did not assume the exercise of the Company's outstanding share options since the Company's shares were suspended in trading and there is no market price for the shares.

10. OTHER RECEIVABLES AND PREPAYMENTS

	(Unaudited) At 30 September 2014 HK\$'000	(Audited) At 31 March 2014 HK\$'000
Other receivables, deposits and prepayments	56,379	72,738
	<u>56,379</u>	<u>72,738</u>

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

	(Unaudited) At 30 September 2014 HK\$'000	(Audited) At 31 March 2014 HK\$'000
Prepayment for the intended ore refinery	45,202	45,202
Others	11,177	27,536
	<u>56,379</u>	<u>72,738</u>

The fair values of other receivables approximate their carrying amounts.

11. TRADE AND OTHER PAYABLES

	(Unaudited) At 30 September 2014 HK\$'000	(Audited) At 31 March 2014 HK\$'000
Trade payables	478	15,567
Other payables and accruals	93,009	89,926
	<u>93,487</u>	<u>105,493</u>

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

	(Unaudited) At 30 September 2014 HK\$'000	(Audited) At 31 March 2014 HK\$'000
0-30 days	–	–
31-60 days	–	–
61-90 days	–	–
Over 90 days	478	15,576
	<u>478</u>	<u>15,576</u>

12. BORROWINGS

	(Unaudited) At 30 September 2014 HK\$'000	(Audited) At 31 March 2014 HK\$'000
Bank borrowings	9,717	9,678
Short-term loans	26,542	14,715
Long-term loans	533,461	514,309
	<u>569,720</u>	<u>538,702</u>

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

Amount due within one year included in current liabilities	36,259	24,393
Amount due after one year	533,461	514,309

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% (2013: 7.49%).

The short-term loan is unsecured and the interest rate is 5% (2014: 5%) per annum.

The long term loans are secured by the inventories of Taizhou Mining and the interest rate is nil to 6% (2014: nil to 6%).

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

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.

For the six months ended 30 September 2014, 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 six months ended 30 September 2014 (30 September 2013: nil). Respective state of affairs of the Group is set out in the consolidated financial statements on pages 2 to 11 of this announcement.

Consolidated loss of the Company amounted to approximately HK\$24.5 million for the six months ended 30 September 2014 (30 September 2013: approximately HK\$28.3 million). Basic losses per share was approximately HK cents 0.14 for the six months ended 30 September 2014 (30 September 2013: loss of HK cents 0.16). There will be no payment of dividend for the six months ended 30 September 2014 (30 September 2013: nil).

Liquidity, financial resources and funding

As at 30 September 2014, the Group had cash and cash equivalents and net current assets amounted to approximately HK\$0.7 million and approximately HK\$41.6 million respectively whereas inventories of the Group amounted to approximately HK\$153.0 million.

As at 30 September 2014, the current ratio is 1.24 (30 September 2013: 1.35).

As at 30 September 2014, the Group’s gearing ratio was approximately 75.1% (30 September 2013: 73.3%), calculated based on total borrowings over total assets.

Charge on the Group’s assets

As at 30 September 2014, 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 the Group’s operating subsidiary, Tongguan Taizhou Mining Company Limited (“**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

The Group did not have any significant investment, material acquisition and disposal throughout the review period.

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 during the six months ended 31 March 2014.

Employees and remuneration policies

As at 30 September 2014, the Group had 74 employees (30 September 2013: 100) 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 six months ended 30 September 2014, the total staff costs (including directors' emoluments) amounted to approximately HK\$4.8 million (30 September 2013: HK\$5.9 million). During the six months ended 30 September 2014, 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

There had been material changes in the management team of the Company as follows:

- (a) 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 (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. Ng Wai Kee, the Company's Company Secretary since 1 July 2012, 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) Publication of all outstanding audited consolidated financial statements

On 16 February 2017, the Company published the audited consolidated financial statements for all the outstanding financial results of the Group, i.e. for the years ended 31 March 2011, 2012, 2013, 2014, 2015 and 2016, with no material audit qualifications indicating questions with respect to the consolidation of the results of Taizhou Mining.

(iii) Open Offer of the Company

On 24 February 2017, the Company entered into an underwriting agreement with two underwriters. As disclosed in the announcement of the Company dated 24 February 2017, the Company proposes to conduct the Open Offer to raise approximately HK\$134.48 million before expenses by issuing 6,724,244,135 offer shares on the basis of one offer share for every two existing Shares held on the record date to the qualifying shareholders at the subscription price of HK\$0.02 per offer share.

The Company intends that the estimated net proceeds from the Open Offer of approximately HK\$131 million will be used (i) as to approximately HK\$88 million for repayment of the Company's debts; and (ii) as to approximately HK\$43 million as general working capital of the Group. As such, upon completion of the open offer, the Company will have sufficient fund to settle all Company outstanding and confirmed debts including the outstanding bond and those claimed in the winding up petitions in Hong Kong as well as the Cayman Islands.

The net assets position of the Company will also be strengthened substantially upon completion of the Open Offer.

(iv) 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.

(v) 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.

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).

(vi) 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.

OTHER INFORMATION

1. Directors' Interest in Competing Business

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 on whether any of the Directors or their respective associates (as defined in GEM Listing Rules) have any interests in any business which compete or may compete with the Group or any other conflicts of interest with the Group.

Mr. Orr has confirmed with the Company that he and his associates (as defined in GEM Listing Rules) did not have any interests in any business which compete or may compete with the Group or any other conflicts of interest with the Group.

2. Audit Committee

The Company established the audit committee with written terms of reference that sets out the authorities and duties of the committee.

Members of the Audit Committee during the six months ended 30 September 2014 included three independent non-executive Directors, namely Mr. Orr (Chairman), Dr. Cheung Wai Bun, Charles JP and Mr. Jiao Zhi.

The current Audit Committee comprises three independent non-executive directors, namely Mr. Jiang Quanming, Mr. Orr and Mr. Guo Wei and Mr. Jiang Quanming is the chairman of the Audit Committee.

The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control and risk management systems of the Group, maintain an appropriate relationship with the Company's auditors and provide advice and comments to the Board.

The current Audit Committee has reviewed the unaudited consolidated results of the Group for the six months ended 30 September 2014.

3. Remuneration Committee

The Company established the Remuneration Committee with written terms of reference that sets out the authorities and duties of the committee.

Members of the Remuneration Committee during the six months ended 30 September 2014 included three independent non-executive Directors, namely Dr. Cheung Wai Bun, Charles JP (Chairman), Mr. Orr and Mr. Jiao Zhi.

The current Remuneration Committee comprised one non-executive director and three independent non-executive directors, namely Ms. Ma Xiaona, Mr. Jiang Quanming, Mr. Orr and Mr. Guo Wei. Mr. Jiang Quanming is the chairman of the Remuneration Committee.

4. Nomination Committee

The Company established a Nomination Committee with written terms of reference that set out the authorities and duties of the committee.

Members of the Nomination Committee during the six months ended 30 September 2014 included three independent non-executive Directors, namely Dr. Cheung Wai Bun, Charles JP (Chairman), Mr. Orr and Mr. Jiao Zhi.

The current Nomination Committee comprises four members, namely Mr. Feng Jun, Mr. Jiang Quanming, Mr. Orr and Mr. Guo Wei. Mr. Orr is the chairman of the Nomination Committee.

5. Purchase, Sale or Redemption of Listed Securities

During the period ended 30 September 2014, neither the Company nor any of its subsidiaries has purchased or sold any of its listed securities.

6. Code of conduct regarding securities transactions by Directors

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 six months ended 30 September 2014, however, based on the information available to the New Board, the Company had the following deviations from the Code during the six months ended 30 September 2014:

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 term. 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 Former 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 six months ended 30 September 2014.

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 six months ended 30 September 2014.

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 six months ended 30 September 2014.

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

Hong Kong, 8 March 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).