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 2017

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.

*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 condensed consolidated financial statements of the Company and its subsidiaries (collectively, the "**Group**") for the three months and six months ended 30 September 2017, 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 2017

		(Unaudited) Three months ended 30 September		**(Unaudited) Six months ended 30 September**	
		2017	2016	**2017**	2016
	Notes	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue	*4*	**81,212**	54,529	**118,196**	60,903
Cost of sales		**(40,081)**	(22,667)	**(58,523)**	(25,722)
Gross profit		**41,131**	31,862	**59,673**	35,181
Other income	*4*	**1,486**	3,044	**3,366**	3,139
Selling and distribution expenses		**(167)**	(1)	**(3,083)**	(2,884)
Legal and resumption expenses		**(901)**	(1,800)	**(11,189)**	(3,000)
Administrative expenses		**(12,449)**	(5,577)	**(23,053)**	(9,110)
Operating results		**29,100**	27,529	**25,714**	22,526
Finance costs	*5*	**(5,451)**	(5,352)	**(10,862)**	(10,457)
Profit before tax	*6*	**23,649**	22,177	**14,852**	12,069
Income tax expense	*7*	**(4,347)**	(8,611)	**(4,347)**	(8,611)
Profit for the period		**19,302**	13,566	**10,505**	3,458
Profit/(loss) for the period attributable to:					
Equity holders of the Company		**12,439**	5,930	**1,078**	(2,595)
Non-controlling interest		**6,863**	7,636	**9,427**	6,053
		19,302	13,566	**10,505**	3,458
		HK Cents	*HK Cents*	***HK Cents***	*HK Cents*
Earnings/(losses) per share					
Basic/diluted	*9*	**0.06**	0.04	**0.01**	(0.02)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2017

		(Unaudited) Three months ended 30 September		(Unaudited) Six months ended 30 September	
		2017	2016	**2017**	2016
	Notes	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Profit for the period		**19,302**	13,566	**10,505**	3,458
Other comprehensive income for the period:					
Item that may be reclassified subsequently to profit or loss					
Exchange differences arising from translation of financial statements of overseas subsidiaries		**5,793**	(395)	**10,216**	(7,651)
		5,793	(395)	**10,216**	(7,651)
Total comprehensive income/(loss) for the period:		**25,095**	13,171	**20,721**	(4,193)
Total comprehensive income/(loss) attributable to:					
Equity holders of the Company		**18,059**	5,569	**11,009**	(10,079)
Non-controlling interest		**7,036**	7,602	**9,712**	5,886
		25,095	13,171	**20,721**	4,193

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2017

	Notes	(Unaudited) 30 September 2017 HK$'000	(Audited) 31 March 2017 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**559,994**	511,326
Prepaid land lease premium		**1,173**	1,128
Mining rights related assets		**55,151**	52,660
Construction in progress		**3,410**	2,634
		619,728	567,748
CURRENT ASSETS			
Inventories		**33,272**	73,741
Other receivables and prepayments	*10*	**65,548**	62,498
Cash and cash equivalents		**46,615**	6,127
		145,435	142,366
CURRENT LIABILITIES			
Trade and other payables	*11*	**50,629**	133,927
Deferred income		**6,962**	–
Promissory notes		**12,500**	12,500
Tax payables		**41,159**	32,386
Bonds		**17,039**	19,687
Interest-bearing borrowings		**11,255**	23,371
		139,544	221,871
NET CURRENT (LIABILITIES)/ASSETS		**5,891**	(79,505)
TOTAL ASSETS LESS CURRENT LIABILITIES		**625,619**	488,243
NON-CURRENT LIABILITIES			
Long-term loans		**322,055**	412,889
Convertible Bonds	*13*	**19,167**	–
		341,222	412,889
NET ASSETS		**284,397**	75,354
CAPITAL AND RESERVES			
Share capital		**89,807**	53,794
Reserves		**176,124**	12,806
Equity attributable to equity holders of the Company		**265,931**	66,600
Non-controlling interest		**18,466**	8,754
TOTAL EQUITY		**284,397**	75,354

NOTES:

1. CORPORATE INFORMATION

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 Unit 801, 8th Floor, Beautiful Group Tower, 74-77 Connaught Road Central, Central, Hong Kong. The Company's shares are listed on the GEM of the Stock Exchange.

The principal activity of the Group is principally engaged in gold exploration, mining and mineral processing.

The unaudited condensed consolidated 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 2017 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 2017 ("**2017 Annual Report**"). The Group's policies on financial risk management were set out in the financial statements included in the Company's 2017 Annual Report and there have been no significant changes in the financial risk management policies for the six months ended 30 September 2017.

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 2017 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2017.

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 2017, namely Gold Mining Division, 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 2017

	(Unaudited)			
	Gold Mining *HK$'000*	**Corporate** *HK$'000*	**Elimination** *HK$'000*	**Total** *HK'000*
Segment revenue:				
Turnover for external customers	**118,196**	**–**	**–**	**118,196**
Gross profit	**59,673**	**–**	**–**	**59,673**
Other income	**1,125**	**2,241**	**–**	**3,366**
Operating expenses	**(8,792)**	**(22,698)**	**–**	**(31,490)**
Deprecation and amortisation*	**(5,830)**	**(5)**	**–**	**(5,835)**
Segment results	**46,176**	**(20,462)**	**–**	**25,714**
Finance costs	**(7,945)**	**(2,917)**	**–**	**(10,862)**
Profit/(loss) before taxation	**38,232**	**(23,380)**	**–**	**(14,852)**
Income tax expense	**(4,347)**	**–**	**–**	**(4,347)**
Net profit/(loss) for the period	**33,885**	**(23,380)**	**–**	**(10,505)**
Segment assets	**611,703**	**1,836,976**	**(1,683,516)**	**765,163**
Segment liabilities	**566,220**	**165,247**	**(250,701)**	**480,766**
Capital expenditure	**41,484**	**–**	**–**	**41,484**
Depreciation and amortisation**	**12,108**	**5**	**–**	**12,113**

Six months ended 30 September 2016 (restated)

	(Unaudited)			
	Gold Mining *HK$'000*	Corporate *HK$'000*	Elimination *HK$'000*	Total *HK'000*
Segment revenue:				
Turnover for external customers	60,903	–	–	60,903
Gross profit	35,181	–	–	35,181
Other income	3,139	–	–	3,139
Operating expenses	(6,300)	(9,360)	–	(15,660)
Deprecation and amortisation*	(134)	–	–	(134)
Segment results	31,886	(9,360)	–	22,526
Finance costs	(9,238)	(1,219)	–	(10,457)
Profit/(loss) before taxation	22,648	(10,579)	–	12,069
Income tax expense	(8,611)	–	–	(8,611)
Net profit/(loss) for the period	14,037	(10,579)	–	3,458
Segment assets	819,005	1,787,288	(1,841,420)	764,873
Segment liabilities	779,825	245,398	(343,194)	682,029
Capital expenditure	7,091	–	–	7,091
Depreciation and amortisation**	12,343	2	–	12,345

* *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	
	2017	2016
	HK$'000	*HK$'000*
Segment revenue by location of customers		
PRC, excluding Hong Kong, Macau and Taiwan	**118,196**	60,903
	118,196	60,903
Non-current assets		
PRC, excluding Hong Kong, Macau and Taiwan	**619,681**	575,937
Hong Kong	**47**	21
	619,728	575,958

4. REVENUE AND OTHER INCOME

Revenue represents the net 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) Three months ended 30 September		(Unaudited) Six months ended 30 September	
	2017	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Revenue				
Sale of goods	**81,212**	54,529	**118,196**	60,903
	81,212	54,529	**118,196**	60,903
Other income				
Sundry income	**1,486**	3,044	**3,366**	3,139
	1,486	3,044	**3,366**	3,139

5. FINANCE COSTS

	(Unaudited) Six months ended 30 September **2017** ***HK$'000***	2016 *HK$'000*
Interest on bank borrowing	**–**	74
Interest on bonds	**259**	257
Amortisation and interest on convertible bonds	**1,036**	–
Interest on short term loans	**1,623**	962
Interest on long term loans	**7,944**	9,164
Finance costs	**10,862**	10,457

The weighted average capitalization rate on funds borrowed generally is 5% per annum (2016: 5.31% per annum).

6. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging the following:

	(Unaudited) Three months ended 30 September		**(Unaudited) Six months ended 30 September**	
	2017 ***HK$'000***	2016 *HK$'000*	**2017** ***HK$'000***	2016 *HK$'000*
Cost of inventories sold	**58,523**	22,667	**58,523**	25,722
Auditors' remuneration	**56**	250	**56**	500
Amortisation of intangible assets	**–**	9	**–**	258
Depreciation*	**6,237**	6,275	**12,113**	12,087
Operating lease rentals in respect of land and buildings	**166**	43	**210**	116
Staff costs including directors' emoluments:				
Salaries, wages, allowances and benefits in kind	**2,523**	2,265	**9,653**	4,548
Retirement benefits scheme contributions	**54**	24	**72**	39
Staff costs	**2,577**	2,289	**9,725**	4,587

* *approximately HK$5.83 million (30 September 2016: HK$0.13 million) are included in administrative expenses and approximately HK$6.27 million (30 September 2016: HK$11.95 million) are included in cost of sales.*

7. INCOME TAX EXPENSE

	(Unaudited) Three months ended 30 September		(Unaudited) Six months ended 30 September	
	2017	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Current tax – overseas				
Provision for the period	**4,347**	8,611	**4,347**	8,611
Income tax expense	**4,347**	8,611	**4,347**	8,611

No provision for Hong Kong profits tax has been made in the financial statements as the Group had no assessable profit for the period (30 September 2016: 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 2017 and 2016.

9. EARNINGS/(LOSSES) PER SHARE

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

Basic

	(Unaudited) Three months ended 30 September		(Unaudited) Six months ended 30 September	
	2017	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Profit/(loss) attributable to the equity holders of the Company	**12,439**	5,930	**1,078**	(2,595)
Weighted average number of ordinary shares in issue	**22,071,899,073**	13,448,488,271	**19,777,466,912**	13,448,488,271
Basic earnings/(losses) per share *(HK cents)*	**0.06**	0.04	**0.01**	(0.02)

Diluted

For the six months ended 30 September 2017, the computation of diluted profit/(loss) per share did not assume the exercise of the Company's outstanding share options and convertible bonds as the exercise prices of such share options and convertible bonds are higher than the average market price per share.

As the Company's share options where applicable had an anti-dilutive effect to the basic loss per share calculation for the six months ended 30 September 2016, the conversion of the above potential dilutive shares is not assumed in the calculation of diluted loss per share.

10. OTHER RECEIVABLES AND PREPAYMENTS

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

	(Unaudited) At 30 September 2017 ***HK$'000***	(Audited) At 31 March 2017 *HK$'000*
Prepayment for the intended ore refinery	**48,033**	48,033
Others	**17,515**	14,465
	65,548	62,498

The fair values of trade and other receivables approximate their carrying amounts.

11. TRADE AND OTHER PAYABLES

	(Unaudited) At 30 September 2017 ***HK$'000***	(Audited) At 31 March 2017 *HK$'000*
Trade payables	**2,550**	3,381
Other payables and accruals	**48,079**	130,546
	50,629	133,927

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 2017 ***HK$'000***	(Audited) At 31 March 2017 *HK$'000*
0-30 days	**–**	–
31-60 days	**–**	–
61-90 days	**–**	–
Over 90 days	**2,550**	3,381
	2,550	3,381

12. BORROWINGS

	(Unaudited) **At** **30 September** **2017** ***HK$'000***	(Audited) At 31 March 2017 *HK$'000*
Short-term loans	**11,255**	23,371
Long-term loans	**322,055**	412,889
	333,310	436,260
The Group's interest-bearing loans were repayable as follows:		
Amount due within one year included in current liabilities	**11,255**	23,371
Amount due after one year	**322,055**	412,889
	333,310	436,260

The short-term loan is unsecured and the interest rate is 5% (2016: 5%) per annum.

The long term loans are secured by the inventories of Taizhou Mining and the interest rate is nil to 5% (2016: nil to 12%).

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

13. CONVERTIBLE BONDS

Pursuant to a conditional subscription agreement entered into between the Third Subscriber and the Company on 10 April 2017, the Company issued convertible bonds with a principal amount of HK$30,095,357 to the Third Subscriber on 17 July 2017, the principal terms of the convertible bonds are as follows:

Date of issue	17 July 2017
Aggregate principal amount	HK$30,095,357
Interest rate	4%
Conversion price	HK$0.02
Maturity date	5 years from the date of issue

At 30 September 2017, the fair values of the liability component were determined at HK$19,167,110, respectively. The effective interest expense HK$1,036,753 was recognised in the consolidated profit or loss.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The principal activity of the Company is investment holding. Its subsidiaries are principally engaged in gold exploration, mining and mineral processing with gold concentrate as its product.

FINANCIAL REVIEW

Revenue

For the six months ended 30 September 2017 (the "**Reporting Period**"), the Group's revenue was approximately HK$118.2 million, representing an increase of approximately 94.1% from approximately HK$60.9 million as compared to the corresponding period in last year. The substantial increase in revenue was mainly due to that the Group had been operating its ore processing plants at 400 tonnes of ore per day for the most part of the Reporting Period while it was at 300 tonnes of ore per day mostly as compared with that of the corresponding period in last year, as well as due to sales of a certain amount of the inventory.

Gross profit and gross profit margin

During the Reporting Period, the Group's gross profit was approximately HK$59.7 million, representing an increase of approximately 69.6% from approximately HK$35.2 million as compared with that of the corresponding period in last year. During the Reporting Period, the Group's overall gross profit margin was approximately 50.5%.

Selling and distribution expenses

During the Reporting Period, the Group's selling and distribution expenses were approximately HK$3.1 million, representing an increase of approximately 6.9% from approximately HK$2.9 million of the corresponding period in last year.

Administrative and other expenses

During the Reporting Period, the Group's administrative and other expenses were approximately HK$23.1 million, representing an increase of approximately 153.1% from approximately HK$9.1 million as compared with that of the corresponding period in last year.

Profit/(loss) for the Reporting Period

Consolidated profit of the Company amounted to approximately HK$10.5 million for the Reporting Period (six months ended 30 September 2016: approximately HK$3.5 million) which was arrived at after the inclusion of the substantial non-recurring legal and resumption expenses of approximately HK$11.2 million incurred by the Company (30 September 2016: approximately HK$3.0 million) for, among others, defending vigorously the two winding up petitions against the Company in the Cayman Islands and Hong Kong as well as for the resumption in trading of the Company's shares after more than six years of trading suspension ("**Legal and Resumption Expenses**").

For the Reporting Period, the Group has made a turn-around by recording a net profit attributable to equity holders of the Company of approximately HK$1.1 million, as compared to losses recorded at the corresponding period in 2016 and the three-month period ended 30 June 2017. This was mainly due to the increase of the revenue for the Reporting Period and decrease of the legal and resumption expenses incurred in the second quarter of 2017.

Earning/(loss) per share

Basic earning per share was approximately HK cents 0.01 for the Reporting Period (six months ended 30 September 2016: loss of approximately HK cents 0.02).

Dividend

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2017 (six months ended 30 September 2016: nil).

Liquidity, financial resources and funding

As at 30 September 2017, the Group had cash and cash equivalents amounted to approximately HK$46.6 million (31 March 2017: approximately HK$6.1 million) and net current assets amounted to approximately HK$5.9 million (31 March 2017: net current liabilities approximately HK$79.5 million) whereas inventories of the Group amounted to approximately HK$33.3 million (31 March 2017: approximately HK$73.7 million).

As at 30 September 2017, the current ratio is approximately 1.04 (31 March 2017: approximately 0.64).

As at 30 September 2017, the Group's gearing ratio was approximately 50% (31 March 2017: approximately 66%), calculated based on total borrowings over total assets.

Borrowings

Borrowings information of the Group is set out in note 12 to the unaudited condensed consolidated financial statements.

Charge on the Group's assets

As at 30 September 2017, the Group's long term loans were secured by the inventories of the Group's operating subsidiary, Tongguan Taizhou Mining Company Limited ("**Taizhou Mining**").

As at 30 September 2017, the inventories of the Group amounted to approximately HK$33.2 million (31 March 2017: approximately HK$73.7 million).

Segment information

The Group's segmental information is set out in note 3 to the unaudited condensed consolidated financial statements.

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 HK dollar or Renminbi, the exposure to foreign exchange rate fluctuations is minimal.

Capital structure

The Group's equity consists only of ordinary shares of the Company (the "**Shares**").

Capital commitment

As at 30 September 2017, the Group did not have any significant capital commitments (31 March 2017: nil).

Material acquisition and disposal of subsidiaries

During the Reporting Period, there were no material acquisitions and disposals of subsidiaries and affiliated companies by the Group (2016: nil).

Significant investments, material acquisition and disposal and future plans for material investments

The Group did not have any significant investment, material acquisition and disposal throughout the Reporting Period. In addition, the Company is now focusing on developing and strengthening its existing business and will explore investment opportunities in order to broaden the income stream of the Group, enrich its reserves and resources, enhance the profitability of the Group and eventually bring a fruitful return to the shareholders of the Company and shareholders of the Company's subsidiaries.

Contingent liabilities

The Group did not have any material contingent liabilities as at 31 March 2017 and 30 September 2017.

Related party transactions with connected person(s)

The loans from Mr. Ma Qianzhou ("**Mr. Ma**"), a substantial shareholder of the Company and Ms. Zhao Yuebing, both are directors of Taizhou Mining and thus connected persons 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 these were not secured by the assets of the Group.

Employees and remuneration policies

As at 30 September 2017, the Group had 60 employees (31 March 2017: 61) 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 2017, the total staff costs (including directors' emoluments) amounted to approximately HK$9.7 million (six months ended 30 September 2016: HK$4.6 million). During the Reporting Period, no share option had been granted by the Company. Details of employees' remuneration are set out in note 6 of the unaudited condensed consolidated financial statements.

MINERAL EXPLORATION, MINE DEVELOPMENT AND ORE MINING ACTIVITIES

Mineral Exploration and Mine Development

During the Reporting Period, Taizhou Mining completed certain mining development projects, including the excavation of approximately 8,271 meters of various tunnels, excavation of approximately 661 meters of slope supporting, excavation of approximately 992 meters of ore chute as well as excavation of approximately 2,481 meters for track laying and ditches.

During the Reporting Period, the Group's total expenditure for the mineral exploration and mine development and construction amounted to approximately HK$40.7 million.

Ore Mining

During the Reporting Period, the aggregate expenditure on the ore mining operation of the Group was approximately HK$8.6 million.

MAJOR EVENTS DURING THE REPORTING PERIOD

1. Completion of the open offer and resumption in trading in the shares of the Company on 9 May 2017

After suspension in trading of more than 6 years since 11 November 2010, trading in the Shares has been resumed since 9 May 2017.

Following the review hearing held on 9 December 2016, the Listing Appeals Committee of the Stock Exchange decided to conditionally accept the Company's resumption proposal (the "**Resumption Proposal**"), which involves, among others, an open offer (the "**Open Offer**"), debt capitalisation, debt settlement and release of all outstanding financial results.

On 24 February 2017, the Company entered into an underwriting agreement for the purpose of conducting the Open Offer. The Company received overwhelming support from its shareholders in respect of the Open Offer and the Open Offer was over-subscribed. On 8 May 2017, the Company allotted and issued 6,724,244,135 offer Shares under the Open Offer on the basis of one (1) offer Share for every two (2) existing Shares at the subscription price of HK$0.02 per offer Share. With the Company's fulfillment of all resumption conditions as set by the Listing Appeals Committee of the Stock Exchange and completion of the Open Offer, which details were set out in the announcements of the Company dated 21 March 2017 and 5 May 2017 respectively, trading in the Shares was resumed on 9 May 2017.

2. Withdrawal of the winding up petitions in the Cayman Islands and Hong Kong

On 12 April 2017, the Company received the sealed order of the High Court of Hong Kong for the dismissal of the petition for the winding-up of the Company presented by Mr. Lee Shing in Hong Kong on 10 April 2017.

At the adjourned hearing on 26 April 2017 (Cayman time), the Grand Court of the Cayman Islands granted leave to Mr. Lau Kin to withdraw the winding-up petition presented by him to the Grand Court of the Cayman Islands against the Company with no order as to costs.

3. Debt capitalization

The Company entered into the following subscription agreements with its creditors in furtherance of the Resumption Proposal:

(a) The first subscription agreement

On 10 April 2017, a shares subscription agreement (as amended by a supplemental agreement dated 8 June 2017) was entered into by the Company as the issuer and Mr. Lee Wing Leung (the "**First Subscriber**") as the subscriber whereby the Company conditionally agreed to issue and allot, and the First Subscriber conditionally agreed to subscribe for 329,000,000 new Shares at the subscription price of HK$0.02 per new Share.

The aforesaid agreement was completed on 17 July 2017 and the subscription monies payable by the First Subscriber were settled by way of capitalising the debts due by the Company to the First Subscriber to the extent of HK$6,580,000.00. 329,000,000 new Shares were issued and allotted by the Company accordingly. The Company also settled the balance of the debts due by the Company to the First Subscriber of HK$7.90 in cash.

(b) The second subscription agreement

On 10 April 2017, a shares subscription agreement was entered into by the Company as the issuer and Mr. Zhou Yong (the "**Second Subscriber**") as the subscriber whereby the Company conditionally agreed to issue and allot, and the Second Subscriber conditionally agreed to subscribe for 1,750,000,000 new Shares at the subscription price of HK$0.02 per new Share.

The aforesaid agreement was completed on 17 July 2017 and the subscription monies payable by the Second Subscriber were settled by way of capitalising the debts due by the Company to the Second Subscriber to the extent of HK$35,000,000.00. 1,750,000,000 new Shares were issued and allotted by the Company accordingly.

(c) The third subscription agreement

On 8 June 2017, a shares subscription agreement was entered into by the Company as the issuer and J. Thomson Asset Investment Limited (the "**Third Subscriber**") as the subscriber whereby the Company conditionally agreed to issue and allot, and the Third Subscriber conditionally agreed to subscribe for 200,000,000 new Shares at the subscription price of HK$0.02 per new Share.

The aforesaid agreement was completed on 17 July 2017 and the subscription monies payable by the Third Subscriber were settled by way of capitalising the debts due by the Company to the Third Subscriber to the extent of HK$4,000,000.00. 200,000,000 new Shares were issued and allotted by the Company accordingly.

(d) The convertible bonds subscription agreement

On 10 April 2017, a conditional convertible bonds subscription agreement was entered into between the Company as the issuer and the Third Subscriber as the subscriber in relation to the issue of unlisted convertible bonds in an aggregate principal amount of HK$30,095,357.00 (the "**CB**"). The CB are convertible into new Shares at an initial conversion price of HK$0.02 per new Share.

The aforesaid agreement was completed on 17 July 2017 and the subscription monies payable by the Third Subscriber were settled by way of capitalising the debts due by the Company to the Third Subscriber to the extent of HK$30,095,357.00.

Further details of the aforesaid agreements were set out in the circular of the Company dated 21 June 2017.

4. Increase in authorised share capital

In order to provide the Company with a flexibility for future investment opportunities, expansion and growth, the Board increased the authorised share capital of the Company from HK$120,000,000 divided into 30,000,000,000 Shares to HK$160,000,000 divided into 40,000,000,000 Shares by the creation of an additional 10,000,000,000 new Shares which shall rank pari passu with the existing Shares in all respects upon issue.

The increase in authorised share capital has been passed by an ordinary resolution by the shareholders of the Company (the "**Shareholder(s)**") at the annual general meeting on 11 September 2017.

PROSPECT

With completion of the Open Offer, resumption in trading of the Shares took place on 9 May 2017 which formally put an end to the more than six years of trading suspension period of the Company. The Company is back to the right track and is now focusing on developing and strengthening its existing business.

The Company is currently working on and formulating a three-year business development plan with objectives of substantially increasing its mining and processing capacity and thus revenues and profits. These objectives are planned to be achieved through phased completion of the close-to-finish, on site 2x500 tonnes of ore per day processing plant, continued on-site exploration, and acquisition of quality mining assets to enrich Group's mineral reserves and resources. Other planned corporate and financial objectives include gradually and orderly reducing the Group's debt to a more reasonable level, extending the Group's business into downstream and expanding the Group's products, distributing dividends within the three year period, continuing building and strengthening Group's management team, and improving Group's corporate governance.

CORPORATE GOVERNANCE AND OTHER INFORMATION

1. Directors' Interest in Competing Business

None of the Directors or their respective close 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.

2. Audit Committee

The Company established the audit committee of the Company (the "**Audit Committee**") with written terms of reference that sets out the authorities and duties of the committee.

The Audit Committee comprises two independent non-executive Directors, namely Mr. Jiang Quanming and Mr. Guo Wei. 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 Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Company for the six months ended 30 September 2017 and is of the view that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

3. Purchase, Sale or Redemption of Listed Securities

During the Reporting Period, neither the Company nor any of its subsidiaries has purchased or sold any of its listed securities.

4. Code of Conduct Regarding Securities Transactions by Directors

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company also made specific enquiry with all Directors, and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors during the Reporting Period.

5. **Code on Corporate Governance Practice**

The Company strives to attain and maintain the highest standard of corporate governance as it believes that effective corporate governance practices are fundamental to enhancing Shareholder value and safeguarding Shareholder interests.

The principles of corporate governance adopted by the Group emphasize a quality board, sound internal control, and transparency and accountability to the Shareholders.

The Company has adopted the code provisions ("**Code Provision(s)**") set out in the Code on Corporate Governance Practices (the "**Code**") set out in Appendix 15 to the GEM Listing Rules and the Company had complied with all Code Provisions as set out in the Code in the Reporting Period, except for the following deviations:

Code Provision A.2.1

Code Provision A.2.1 of the Code stipulates that the roles of the chairman and the chief executive should be separate and should not be performed by the same individual.

During the Reporting Period, the role of the chairman is performed by Dr. Li Dahong ("**Dr. Li**") but the office of the chief executive is vacated following the retirement of Mr. Feng Jun ("**Mr. Feng**"). However, the Board will keep reviewing the current structure of the Board from time to time and should candidate with suitable knowledge, skill and experience be identified, the Company will make appointment to fill the post as appropriate.

Non-Compliance with Rules 5.05 & 5.28

Following the retirement of Mr. Orr Joseph Wai Shing ("**Mr. Orr**"), the Company has only two independent non-executive Directors and two members of the Audit Committee, which fall below the minimum number required under Rule 5.05 and Rule 5.28 of the GEM Listing Rules. The Company is endeavouring to identify suitable candidate to fill the vacancies as soon as possible so as to meet the relevant requirements under the GEM Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available and within the knowledge of the Directors, the Company has maintained sufficient public float of not less than 25% of the total number of issued Shares worth not less than HK$30 million pursuant to rule 11.23 of the GEM Listing Rules as at the latest practicable date prior to the issue of this announcement.

CHANGE OF DIRECTORS' INFORMATION

As the resolutions for the re-election of Mr. Feng and Mr. Orr were not passed by the Shareholders at the annual general meeting on 11 September 2017 (the "**AGM**"), they have duly retired from their appointments as executive Director and independent non-executive Director respectively, effective from the conclusion of the AGM. Accordingly, Mr. Feng ceased to be the compliance officer and the member of the nomination committee of the Company (the "**Nomination Committee**") and Mr. Orr ceased to be the chairman of the Nomination Committee and member of the remuneration committee of the Company and Audit Committee respectively. In addition, Mr. Feng ceased to be the chief executive officer of the Company with effective from 12 September 2017.

Ms. Ma Xiaona ("**Ms. Ma**"), has been re-designated from a non-executive Director as an executive Director and has been appointed as the compliance officer of the Company and a member of the Nomination Committee with effect from 13 September 2017.

Mr. Guo Wei ("**Mr. Guo**") acts as the chairman of the Nomination Committee with effect from 13 September 2017.

Each of the Directors has entered into a new service agreement with the Company for a term of 3 years commencing from 13 September 2017, subject to retirement by rotation and re-election in accordance with the articles of association of the Company. Pursuant to the terms of their service agreement, Dr. Li, Mr. Jiang Zhiyong ("**Mr. Jiang**"), Ms. Ma, Mr. Jiang Quanming and Mr. Guo are entitled to a remuneration of HK$2,020,000, HK$1,660,000, HK$1,660,000, HK$320,000 and HK$320,000 per annum respectively which was determined with reference to their duties and responsibilities with the Company.

EVENTS AFTER THE REPORTING PERIOD

Lapse of options

Pursuant to the section 6.03(b) of the Share Option Scheme, subject as hereinafter provided in the Share Option Scheme, the options may be exercised by the grantee (or his or her legal personal representative(s)) at any time during the option period provided that if the grantee, who is not an eligible employee, ceases to be a participants such as independent non-executive Director by reason other than death, the grantee shall be entitled within a period of 1 month from the date of cessation to exercise the option. On 11 September 2017, Mr. Orr has retired from his appointment as an independent non-executive Director and did not exercise his 3,100,000 options within a period of 1 month from the date of his retirement. As a result, the aforesaid 3,100,000 options were lapsed on 11 October 2017.

Resignation of executive Director

Mr. Jiang has tendered his resignation as an executive Director to the Board due to his other business engagement with effect from 27 October 2017. Mr. Jiang has confirmed that he has no disagreement with the Board and that he was not aware of any matters that need to be brought to the attention of Shareholders in relation to his resignation.

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

Hong Kong, 7 November 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), Ms. Ma Xiaona (executive Director), Mr. Jiang Quanming (independent non-executive Director) and Mr. Guo Wei (independent non-executive Director).