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 2018

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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 websites of the Company at http://www.grandtg.com/ or 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 Group for the three months and six months ended 30 September 2018, 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 2018

		(Unaudited) Three months ended 30 September		(Unaudited) Six months ended 30 September	
		2018	2017	**2018**	2017
	Notes	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue	*4*	**34,594**	81,212	**98,349**	118,196
Cost of sales		**(17,432)**	(40,081)	**(46,171)**	(58,523)
Gross profit		**17,162**	41,131	**52,178**	59,673
Other income and (expenses), net	*4*	**(19,157)**	1,486	**(19,157)**	3,366
Selling and distribution expenses		**–**	(167)	**(3,500)**	(3,083)
Legal and resumption expenses		**–**	(901)	**–**	(11,189)
Administrative expenses		**(12,200)**	(12,449)	**(19,549)**	(23,053)
Operating results		**(14,195)**	29,100	**9,972**	25,714
Finance costs	*5*	**(6,411)**	(5,451)	**(12,944)**	(10,862)
Profit/(loss) before tax	*6*	**(20,606)**	23,649	**(2,972)**	14,852
Income tax expense	*7*	**(797)**	(4,347)	**(4,155)**	(4,347)
Profit/(Loss) for the period		**(21,403)**	19,302	**(7,127)**	10,505
Profit/(loss) for the period attributable to:					
Equity holders of the Company		**(22,039)**	12,439	**(13,665)**	1,078
Non-controlling interest		**636**	6,863	**6,538**	9,427
		(21,403)	19,302	**(7,127)**	10,505
		HK Cents	*HK Cents*	***HK Cents***	*HK Cents*
Earnings/(losses) per share					
Basic/diluted	*9*	**(0.10)**	0.06	**(0.06)**	0.01

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2018

		(Unaudited) Three months ended 30 September		(Unaudited) Six months ended 30 September	
		2018	2017	**2018**	2017
	Notes	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Profit/(loss) for the period		**(21,403)**	19,302	**(7,127)**	10,505
Other comprehensive income/(loss) for the period:					
Item that may be reclassified subsequently to profit or loss					
Exchange differences arising from translation of financial statements of overseas subsidiaries		**6,523**	5,793	**(13,203)**	10,216
		6,523	5,793	**(13,203)**	10,216
Total comprehensive income/(loss) for the period:		**(14,880)**	25,095	**(20,330)**	20,721
Total comprehensive income/(loss) attributable to:					
Equity holders of the Company		**(14,971)**	18,059	**(25,548)**	11,009
Non-controlling interest		**91**	7,036	**5,218**	9,712
		(14,880)	25,095	**(20,330)**	20,721

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2018

	Notes	**(Unaudited) 30 September 2018 HK$'000**	(Audited) 31 March 2018 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**614,963**	635,583
Mining rights related assets		**51,048**	57,102
Construction in progress		**50,035**	53,790
		716,046	746,475
CURRENT ASSETS			
Inventories		**2,447**	19,624
Other receivables and prepayments	*10*	**21,427**	23,974
Cash and cash equivalents		**14,549**	22,377
		38,423	65,975
CURRENT LIABILITIES			
Trade and other payables	*11*	**82,967**	102,172
Promissory notes		**12,500**	12,500
Tax payables		**54,894**	48,671
Bonds		**18,331**	18,074
Convertible bonds		**17,482**	16,410
Interest-bearing borrowings	*12*	**9,242**	3,876
		195,416	201,703
NET CURRENT LIABILITIES		**(156,993)**	(135,728)

	Notes	**(Unaudited) 30 September 2018 HK$'000**	(Audited) 31 March 2018 HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**559,053**	610,747
NON-CURRENT LIABILITIES			
Long-term loans	*12*	**260,562**	291,926
Deferred tax liabilities		**2,258**	2,258
		262,820	294,184
NET ASSETS		**296,233**	316,563
CAPITAL AND RESERVES			
Share capital		**89,807**	89,807
Reserves		**172,616**	198,164
Equity attributable to equity holders of the Company		**262,423**	287,971
Non-controlling interest		**33,810**	28,592
TOTAL EQUITY		**296,233**	316,563

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.

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 2018 have been prepared in compliance 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 2018 ("**2018 Annual Report**"). The Group's policies on financial risk management were set out in the financial statements included in the Company's 2018 Annual Report and there have been no significant changes in the financial risk management policies for the six months ended 30 September 2018.

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 2018 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2018.

In the current period, the Group has applied the new standards, amendments and interpretations (the "**new HKFRSs**") which are effective for the Group's financial statements for the annual period beginning on 1 January 2018. HKFRSs include all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKAS**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). The adoption of new HKFRSs has no material impact on the Group's financial statements. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The Group had incurred losses after tax of approximately HK$7.1 million for the six months ended 30 September 2018 (six months ended 30 September 2017: profit after tax of approximately HK$10.5 million) and had net liabilities of approximately HK$157.0 million as at 30 September 2018 (31 March 2018: net assets of HK$135.7 million). As at 30 September 2018, the Group's liabilities included convertible bonds with principal amount of approximately HK$30.1 million (31 March 2018: HK$30.1 million) which is repayable in 2022. As disclosed in the announcement of the Company issued on 22 August 2018, the Company has been served a writ of summons together with an indoresement of claim. claiming the repayment of the principal sum of HK$30,095,357 together with the interest incurred thereon under a series of convertible bonds (the "**Convertible Bonds**") issued by the Company to Leung Heung Ying ("**Leung**") pursuant to a conditional subscription agreement (the "**Subscription Agreement**") dated 17 July 2017 entered into between the Company and J. Thomson Asset Investment Limited ("**J. Thomson**"). To the best of the knowledge of the Company, J. Thomson is wholly and beneficially owned by Leung. The legal proceeding (the "**Action**") is still ongoing up to the date of this announcement. It is uncertain if the Convertible Bonds will become payable within the next twelve months. The Action poses a material uncertainty on the Group's ability to continue as a going concern and its ability to realise its assets and discharge its liabilities in the normal course of business.

Notwithstanding the above conditions, the financial statements were prepared based on the assumption that the Group can be operated as a going concern having taken into consideration the arrangements which include, but not limited to, the following measures:

(i) management will continue to control the operating costs and pay extra efforts to increase revenue with an aim to attain better operating cash flows;

(ii) the Company is in active fund raising; and

(iii) the Group has obtained continuous financial support from a substantial shareholder of the Company as necessary to enable the Group to meet its operating and financing obligations, as and when they are fall due.

Based on the aforesaid measures, the Board believes that the Company will have sufficient working capital to satisfy its future working capital and other financing requirements for at least the next twelve months as from 30 September 2018. Accordingly, the unaudited condensed consolidated financial statements have been prepared on a going concern basis.

3. SEGMENT INFORMATION

The Group had two operating segments for the six months ended 30 September 2018, 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 2018

	(Unaudited)			
	Gold Mining *HK$'000*	**Corporate** *HK$'000*	**Elimination** *HK$'000*	**Total** *HK$'000*
Segment revenue:				
Turnover for external customers	**98,349**	**–**	**–**	**98,349**
Gross profit	**52,178**	**–**	**–**	**52,178**
Other income and (expenses), net	**214**	**(19,748)**	**–**	**(19,534)**
Operating expenses	**(13,745)**	**(8,927)**	**–**	**(22,672)**
Segment results	**38,647**	**(28,675)**	**–**	**9,972**
Finance costs	**(10,949)**	**(1,995)**	**–**	**(12,944)**
Profit/(loss) before taxation	**27,698**	**(30,670)**	**–**	**(2,972)**
Income tax expense	**(4,155)**	**–**	**–**	**(4,155)**
Net profit/(loss) for the period	**23,543**	**(30,670)**	**–**	**(7,127)**
Segment assets	**733,887**	**345,503**	**(324,921)**	**754,469**
Segment liabilities	**630,929**	**455,354**	**(628,047)**	**458,236**
Capital expenditure	**49,852**	**–**	**–**	**49,852**
Depreciation and amortisation	**15,851**	**6**	**–**	**15,857**

Six months ended 30 September 2017

	(Unaudited)			
	Gold Mining	Corporate	Elimination	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'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	(14,622)	(22,703)	–	(37,325)
Segment results	46,176	(20,462)	–	25,714
Finance costs	(7,945)	(2,917)	–	(10,862)
Profit/(loss) before taxation	38,231	(23,379)	–	14,852
Income tax expense	(4,347)	–	–	(4,347)
Net profit/(loss) for the period	33,884	(23,379)	–	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

Geographical segments

The Group's operations are located in Hong Kong and other parts of the People's Republic of China (the "**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	
	2018	2017
	HK$'000	*HK$'000*
Segment revenue by location of customers		
PRC, excluding Hong Kong, Macau and Taiwan	**98,349**	118,196
	98,349	118,196
Non-current assets		
PRC, excluding Hong Kong, Macau and Taiwan	**716,010**	619,681
Hong Kong	**36**	47
	716,046	619,728

4. REVENUE AND OTHER INCOME AND EXPENSE, NET

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	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Revenue				
Sale of goods	**34,594**	81,212	**98,349**	118,196
	34,594	81,212	**98,349**	118,196
Other income and expense, net				
Gain on waive of Bond interest	**–**	873	**–**	873
Gain on waive of long term loan interests	**–**	–	**–**	796
Government grant	**–**	–	**–**	617
Gain on waive of former director's remuneration	**–**	–	**–**	517
Others	**591**	613	**591**	563
Exchange loss	**(19,748)**	–	**(19,748)**	–
	(19,157)	1,486	**(19,157)**	3,366

5. FINANCE COSTS

	(Unaudited) Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
Interest on bonds	**257**	259
Amortisation and interest on convertible bonds	**1,676**	1,036
Interest on short term loans	**62**	1,623
Interest on long term loans	**10,949**	7,944
Finance costs	**12,944**	10,862

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	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Cost of inventories sold	**17,432**	40,081	**46,171**	58,523
Auditors' remuneration	**250**	306	**500**	556
Amortisation of intangible assets	**1,306**	–	**1,306**	–
Depreciation*	**7,635**	6,237	**14,551**	12,113
Operating lease rentals in respect of land and buildings	**277**	166	**472**	210
Staff costs including directors' emoluments:				
Salaries, wages, allowances and benefits in kind	**3,601**	2,523	**5,724**	9,653
Retirement benefits scheme contributions	**26**	54	**48**	72
Staff costs	**3,627**	2,577	**5,772**	9,725

* *approximately HK$0.20 million (six months ended 30 September 2017: HK$0.15 million) are included in administrative expenses and approximately HK$14.3 million (six months ended 30 September 2017: HK$12 million) are included in cost of sales.*

7. INCOME TAX EXPENSE

	(Unaudited) Three months ended 30 September		(Unaudited) Six months ended 30 September	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Current tax – overseas				
Provision for the period	**797**	4,347	**4,155**	4,347
Income tax expense	**797**	4,347	**4,155**	4,347

No provision for Hong Kong profits tax has been made in the financial statements as the Group had no assessable profit for the period (six months ended 30 September 2017: 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 2018 and 2017.

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**	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Profit/(loss) attributable to the equity holders of the Company	**(22,039)**	12,439	**(13,665)**	1,078
Weighted average number of ordinary shares in issue	**22,451,732,406**	22,071,899,073	**22,451,732,406**	19,777,466,912
Basic earnings/(losses) per share *(HK cents)*	**(0.10)**	0.06	**(0.06)**	0.01

Diluted

For the six months ended 30 September 2018, the computation of diluted loss per share had not taken into account the exercise of the Company's outstanding share options since their exercise price is higher than the average market price of the shares of the Company for the period. In addition, it does not assume the conversion of the Company's convertible bonds as they had anti-dilutive effect on the loss per share calculation.

For the six months ended 30 September 2017, the computation of diluted loss per share had not taken into account the exercise of the Company's outstanding share options since their exercise price is higher than the average market price of the shares of the Company for the period. In addition, it does not assume the conversion of the Company's convertible bonds as they had anti-dilutive effect on the loss per share calculation.

10. OTHER RECEIVABLES AND PREPAYMENTS

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

	(Unaudited) At 30 September 2018 *HK$'000*	(Audited) At 31 March 2018 *HK$'000*
Deposits	**10,645**	9,640
Prepayments	**2,151**	1,568
Other receivables	**8,631**	12,766
	21,427	23,974

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

11. TRADE AND OTHER PAYABLES

	(Unaudited) At 30 September 2018 *HK$'000*	(Audited) At 31 March 2018 *HK$'000*
Trade payables	**3,739**	8,039
Other payables and accruals	**79,228**	94,133
	82,967	102,172

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 2018 *HK$'000*	(Audited) At 31 March 2018 *HK$'000*
0-30 days	**346**	1,641
31-60 days	**53**	573
61-90 days	**–**	4,886
Over 90 days	**3,340**	939
	3,739	8,039

12. BORROWINGS

	(Unaudited) At 30 September 2018 *HK$'000*	(Audited) At 31 March 2018 *HK$'000*
Short-term loans	**9,242**	3,876
Long-term loans	**260,562**	291,926
	269,804	295,802

The Group's interest-bearing loans were repayable as follows:		
Amount due within one year included in current liabilities	**9,242**	3,876
Amount due after one year	**260,562**	291,926
	269,804	295,802

The short-term loan is unsecured and the interest rate is 5% (2017: 5%) per annum.

The long-term loans are secured by the inventories of Taizhou Mining and the interest rate is 5% to 30% (2017: nil to 5%).

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 the Subscription Agreement entered into between J. Thomson (which is wholly and beneficially owned by Leung) and the Company on 10 April 2017, the Company issued Convertible Bonds with a principal amount of HK$30,095,357 to Leung 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 2018, the fair values of the liability component were determined at approximately HK$17.5 million. The effective interest expense approximately HK$1.7 million 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 2018 (the "**Reporting Period**"), the Group's revenue was approximately HK$98.3 million, representing a decrease of approximately 16.8% from approximately HK$118.2 million as compared with that of the corresponding period in last year. The decrease in revenue was mainly due to the declining gold price, affected by the strengthening of US dollar and other unfavourable factors, during the Reporting Period compared with the corresponding period in last year.

During the Reporting Period, the Group had been operating its ore processing plants at 400 tonnes (six months ended 30 September 2017: 400 tonnes) of ore per day. The Company has been exploring various business opportunities to improve the ore production.

Gross profit and gross profit margin

During the Reporting Period, the Group's gross profit was approximately HK$52.2 million, representing a decrease of approximately 12.6% from approximately HK$59.7 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 53.1% (six months ended 30 September 2017: 50.5%).

Selling and distribution expenses

During the Reporting Period, the Group's selling and distribution expenses were approximately HK$3.5 million, representing an increase of approximately 13.5% as compared with that of the corresponding period in last year (six months ended 30 September 2017: approximately HK$3.1 million).

Administrative and other expenses

During the Reporting Period, the Group's administrative and other expenses were approximately HK$19.5 million, representing a decrease of approximately 15.2% from approximately HK$23.1 million as compared with that of the corresponding period in last year. The decrease in administrative expenses was mainly attributable to the reduction of directors' remuneration during the Reporting Period compared with the corresponding period in last year.

Profit/(loss) for the Reporting Period

Unaudited consolidated loss of the Company amounted to approximately HK$7.1 million for the Reporting Period (six months ended 30 September 2017: profit of approximately HK$10.5 million). The net loss is mainly derived from the exchange loss, generated from foreign currency balances of approximately HK$19.7 million, arising from the depreciation of the Renminbi ("**RMB**") during the Reporting Period. Excluding the exchange loss incurred, the Group would have recorded net profit of approximately HK$12.6 million for the six months ended 30 September 2018.

As a result of the above factors, the Group recorded an unaudited net loss attributable to equity holders of the Company approximately HK$13.7 million (six months ended 30 September 2017: net profit of approximately HK$1.1 million).

Earning/(loss) per share

Basic loss per share was approximately HK cents 0.06 for the Reporting Period (six months ended 30 September 2017: Basic earning per share of approximately HK cents 0.01).

Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2018 (six months ended 30 September 2017: nil).

Liquidity, financial resources and funding

As at 30 September 2018, the Group had cash and cash equivalents amounted to approximately HK$14.5 million (31 March 2018: approximately HK$22.4 million) and net current liabilities amounted to approximately HK$157.0 million (31 March 2018: approximately HK$135.7 million) whereas inventories of the Group amounted to approximately HK$2.4 million (31 March 2018: approximately HK$19.6 million).

As at 30 September 2018, the current ratio is approximately 0.20 (31 March 2018: approximately 0.33).

As at 30 September 2018, the Group's gearing ratio was approximately 42.2% (31 March 2018: approximately 42.2%), 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 2018, 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 2018, the inventories of the Group amounted to approximately HK$2.4 million (31 March 2018: approximately HK$19.6 million).

Treasury policies

The Group's monetary assets and transactions are principally denominated in HK$ and RMB. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

The Group adopted a conservative treasury policy with most of the bank deposits being kept in HK$ or RMB, or in the local currencies of the operating subsidiaries to minimise exposure to foreign exchange risk. The Group monitors and maintains a sufficient level of cash and cash equivalents to finance the Group's operations and mitigate the effects of fluctuation in cash flows. Management reviews and monitors the Group's working capital requirements regularly.

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$ or RMB, the exposure to foreign exchange rate fluctuations is minimal.

Capital structure

As at 30 September 2018, the Company's issued share capital was HK$89,806,929.624 which were divided into 22,451,732,406 shares of HK$0.004 each.

Capital commitment

As at 30 September 2018, the Group did not have any significant capital commitments (31 March 2018: nil).

Convertible bonds

On 17 July 2017, the Company issued the Convertible Bonds with an aggregate principal amount of HK$30,095,357 to Leung, the beneficial owner of J. Thomson, under the Subscription Agreement. The subscription monies payable by J. Thomson for the Convertible Bonds was settled by way of set off against the debt due by the Company to J. Thomson. The Action relates to the Convertible Bonds is ongoing up to the date of this announcement.

The initial conversion price of the Convertible Bonds was HK$0.02 per share. Upon full exercise of the Convertible Bonds, 1,504,767,850 new ordinary shares of the Company will be issued and the shareholding of Mr. Ma Qianzhou, the substantial shareholder of the Company, will be diluted from approximately 13.41% to 12.57% of the total number of issued shares of the Company.

During the Reporting Period, the Company had been served a writ of summons together with an indorsement of claim, claiming the repayment of the principal sum of HK$30,095,357 together with the interest incurred thereon under the Convertible Bonds. For further details, please refer to the announcement of the Company dated 22 August 2018. The action is ongoing up to the date of this announcement.

Significant investment, material acquisition and disposal of subsidiaries and affiliated companies, and future plans for material investments or capital assets

The Group did not have any significant investment, material acquisition and disposal of subsidiaries and affiliated companies 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 Group.

Contingent liabilities

The Group did not have any material contingent liabilities as at 31 March 2018 and 30 September 2018.

Employees and remuneration policies

As at 30 September 2018, the Group had 60 employees (31 March 2018: 62) 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 2018, the total staff costs (including directors' emoluments) amounted to approximately HK$5.8 million (six months ended 30 September 2017: HK$9.7 million). During the Reporting Period, no share option had been granted by the Company. Details of employees' remuneration are set out in note 6 to 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 8,812 meters of various tunnels, excavation of approximately 705 meters of slope supporting, excavation of approximately 1,057 meters of ore chute as well as excavation of approximately 2,644 meters for track laying and ditches.

During the Reporting Period, the Group's total expenditure for the mine development and mineral exploration amounted to approximately HK$49.9 million and HK$0 respectively.

Ore Mining

During the Reporting Period, the aggregate expenditure on the ore mining operation of the Group was approximately HK$12.0 million.

PROSPECT

Notwithstanding that the gold price was weakened during the Reporting Period, the Company still has the confident that it will return to value in the coming year. The Company will continue to move forward to achieve our three-year business development plan and our long-term vision as a high standard mining company with attractive returns. The Company aims to explore various opportunities to increase the ore processing capacity, expand the Group's income source and explore any synergistic development opportunities so as to improve its business performance and shareholders' returns.

To improve its business performance and shareholders' return, the Company will take a cautious and conservative approach to evaluate potential projects and investments, and constantly keep reviewing the Group's strategies and operations.

USE OF PROCEEDS

On 8 May 2017, the Company has allotted and issued 6,724,244,135 shares at the issued price of HK$0.02 per share pursuant to the open offer of the Company completed on 8 May 2017 (the "**Open Offer**"). The actual net proceeds from the Open Offer were approximately HK$131.6 million. As at 30 September 2018, approximately HK$63.9 million was used for repayment of the Company's debts and approximately HK$59.9 million as general working capital of the Group (including approximately HK$14.7 million paid for staff costs, approximately HK$27.3 million paid for legal & professional fee, approximately HK$1.9 million paid for finance costs, approximately HK$5.2 million for the renewal of mining right permit and approximately HK$10.8 million for the others operations costs of the Company), the remaining balance was approximately HK$7.8 million.

The Company has unutilised net proceeds of approximately HK$7.8 million. The Company intended to use for general working capital of the Group (including approximately HK$4.2 million paid for staff cost, approximately HK$1.2 million paid for legal & professional fee and approximately HK$2.4 million for the others operation cost of the Company) which will be used in the next six months.

Details of the Open Offer were disclosed in the prospectus of the Company dated 31 March 2017 and the next day disclosure return of the Company dated 8 May 2017.

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 three independent non-executive Directors, namely Mr. Guo Wei, Mr. Lam Albert Man Sum ("**Mr. Lam**") and Mr. Cheung Wai Hung. Mr. Lam is the chairman of the Audit Committee.

The primary duties of the Audit Committee are to review the financial information of the Company, oversee the financial reporting process, risk management and internal control 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 2018 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 Company's 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 "**Required Standard of Dealings**"). 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 its corporate value and safeguarding shareholder interests.

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

The Company has adopted the code provisions (the "**Code Provision(s)**") set out in the Corporate Governance Code and Corporate Governance Report (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 deviation:

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.

Upon the retirement of Mr. Feng Jun as the chief executive officer on 12 September 2017, there has been no chief executive in the Company. During the Reporting Period, the role of the chairman is performed by Dr. Li Dahong but the office of the chief executive is vacated. 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.

EVENTS AFTER THE REPORTING PERIOD

No significant events occurred subsequent to 30 September 2018 and up to the date of this announcement.

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

Hong Kong, 8 November 2018

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), Ms. Wang Hongyin (executive Director), Mr. Guo Wei (independent non-executive Director), Mr. Lam Albert Man Sum (independent non-executive Director) and Mr. Cheung Wai Hung (independent non-executive Director).