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GRAND T G GOLD HOLDINGS LIMITED

大唐潼金控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8299)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2024**

The board (“**Board**”) of directors (“**Directors**”) of Grand T G Gold Holdings Limited (“**Company**”, together with its subsidiaries, the “**Group**”) hereby announces the annual results of the Group for the year ended 31 March 2024 together with the comparative audited figures for the year end 31 March 2023, as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

	<i>Notes</i>	2024 HK\$’000	2023 HK\$’000
Revenue	5	722,725	153,195
Cost of sales		<u>(638,896)</u>	<u>(89,886)</u>
Gross profit		83,829	63,309
Other income	6	993	117
Other gains and losses	7	39,679	–
Selling and distribution expenses		(1,899)	(1,687)
Administrative expenses		(24,511)	(28,331)
Reversal/(provision) of excepted credit losses (“ ECLs ”) on other receivables		<u>1,737</u>	<u>(1,802)</u>
Operating results		99,828	31,606
Finance costs	8	<u>(13,376)</u>	<u>(10,794)</u>
Profit before tax	9	86,452	20,812
Income tax (expense)/credit	10	<u>(10,411)</u>	<u>22,924</u>
Profit for the year		<u>76,041</u>	<u>43,736</u>

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Profit for the year attributable:			
Owners of the Company		55,296	26,109
Non-controlling interests		20,745	17,627
		76,041	43,736
Earnings per share attributable to owners of the Company (HK cents)			
Basic	<i>12</i>	0.92	0.48
Diluted	<i>12</i>	0.75	0.48
		2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Profit for the year		76,041	43,736
Other comprehensive expense for the year, net of tax:			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising from translation of financial statements of overseas subsidiaries		(26,873)	(29,594)
Total comprehensive income for the year		49,168	14,142
Total comprehensive income/(expense) for the year attributable to:			
Owners of the Company		29,757	(2,158)
Non-controlling interests		19,411	16,300
		49,168	14,142

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	2024 HK\$'000	2023 HK\$'000
Non-current assets			
Property, plant and equipment		942,525	681,079
Construction in progress		59,131	51,229
Right-of-use assets		9,978	10,202
Mining rights related assets		41,624	44,124
		<u>1,053,258</u>	<u>786,634</u>
Current assets			
Inventories		149,435	16,701
Trade receivables	13	29,107	41,072
Deposits, prepayments and other receivables		128,983	17,962
Pledged bank deposits		20,000	20,000
Cash and bank balances		47,489	24,641
		<u>375,014</u>	<u>120,376</u>
Current liabilities			
Lease liabilities		453	–
Trade and other payables	14	132,748	47,005
Borrowings		–	7,333
Bonds		14,234	14,342
Tax payables		53,028	56,739
		<u>200,463</u>	<u>125,419</u>
Net current assets/(liabilities)		<u>174,551</u>	<u>(5,043)</u>
Total assets less current liabilities		<u>1,227,809</u>	<u>781,591</u>
Non-current liabilities			
Lease liabilities		58	–
Other payables	14	345,112	37,994
Borrowings		238,400	302,966
Loan notes		24,508	–
Convertible bonds		113,080	–
		<u>721,158</u>	<u>340,960</u>
Net assets		<u><u>506,651</u></u>	<u><u>440,631</u></u>
Capital and reserves			
Share capital		5,987	5,987
Reserves		421,089	374,480
		<u>427,076</u>	<u>380,467</u>
Equity attributable to owners of the Company		427,076	380,467
Non-controlling interests		79,575	60,164
		<u>506,651</u>	<u>440,631</u>
Total equity		<u><u>506,651</u></u>	<u><u>440,631</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL 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 Room A–B, 8th Floor, Centre Mark II, 305–313 Queen’s Road Central, Sheung Wan, Hong Kong. The Company’s shares are listed on 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, mineral processing and gold refinery.

The functional currency of the Company are presented in Hong Kong dollars (“**HK\$**”), with values rounded to the nearest thousand. The functional currency of the Group’s operating subsidiary, Tongguan Taizhou Mining Company Limited (“**Taizhou Mining**”) is Renminbi (“**RMB**”).

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”), which in collective term includes all applicable Hong Kong Financial Reporting Standards (“**HKFRS**”), Hong Kong Accounting Standards (“**HKAS**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and accounting principles generally accepted in Hong Kong. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622).

3. ADOPTION OF NEW AND REVISED HKFRSs

(a) *Application of new and revised HKFRSs*

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the Group’s annual period beginning on or after 1 April 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (include the October 2020 and February 2022 amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

The application of the new amendments to HKFRSs in the current year has had no material impact on the Group’s consolidated financial positions and performance for the current and prior years and/or on the disclosures set out in this consolidated financial statements.

(b) New and revised HKFRSs in issue but not yet effective

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 April 2023. These new and revised HKFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 1 – Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1 – Non-current Liabilities with Covenants	1 January 2024
Amendments to HKFRS 16 – Lease Liability in a Sale and Leaseback	1 January 2024
Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (“ HK Int 5 (Revised) ”)	1 January 2024
Amendments to HKAS 7 and HKFRS 7 Supplier Finance Arrangements	1 January 2024
Amendments to HKAS 21 – Lack of Exchangeability	1 January 2025
Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA

4. SEGMENT INFORMATION

Information is reported internally to the Board, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on the types of goods delivered or services provided.

This is also the basis upon which the Group is organised and specifically focuses on the Group’s operating divisions. No operating segments identified by the Board have been aggregated in arriving at the reporting segments of the Group.

The directors primarily use a measure of profit after tax to assess the performance of the operating segments. However, the directors also receive information about the segments’ revenue and assets on a monthly basis.

The Group has identified the following reportable segments:

- (i) Exploration of gold mine which principally engages in the operation of exploration, mining, processing and sale of gold and other metals; and
- (ii) Corporation which principally engages in investment holding.

Each of these operating segments is managed separately as each of the product and service line requires different resources as well as marketing approaches.

Segment assets and liabilities are allocated based on the operations of the segments.

Segment information by operating segments is presented as follows:

Year ended 31 March 2024

	Gold mining HK\$'000	Corporate HK\$'000	Elimination HK\$'000	Total HK\$'000
Segment revenue:				
Revenue for external customers	<u>722,725</u>	<u>–</u>	<u>–</u>	<u>722,725</u>
Gross profit	83,829	–	–	83,829
Other income	458	535	–	993
Other gain and losses	16,689	22,990	–	39,679
Reversal of ECLs on other receivables	1,372	365	–	1,737
Operating expenses	<u>(11,813)</u>	<u>(14,597)</u>	<u>–</u>	<u>(26,410)</u>
Segment results	90,535	9,293	–	99,828
Finance costs	<u>(6,631)</u>	<u>(6,745)</u>	<u>–</u>	<u>(13,376)</u>
Profit before tax	83,904	2,548	–	86,452
Income tax expense	<u>(10,411)</u>	<u>–</u>	<u>–</u>	<u>(10,411)</u>
Net profit for the year	<u><u>73,493</u></u>	<u><u>2,548</u></u>	<u><u>–</u></u>	<u><u>76,041</u></u>
Segment assets	<u><u>1,403,581</u></u>	<u><u>375,479</u></u>	<u><u>(350,788)</u></u>	<u><u>1,428,272</u></u>
Segment liabilities	<u><u>(1,113,639)</u></u>	<u><u>(458,179)</u></u>	<u><u>650,197</u></u>	<u><u>(921,621)</u></u>
Capital expenditure	<u><u>(359,687)</u></u>	<u><u>(896)</u></u>	<u><u>–</u></u>	<u><u>(360,583)</u></u>
Depreciation and amortisation	<u><u>(45,839)</u></u>	<u><u>(392)</u></u>	<u><u>–</u></u>	<u><u>(46,231)</u></u>

Segment information by operating segments is presented as follows:

Year ended 31 March 2023

	Gold mining HK\$'000	Corporate HK\$'000	Elimination HK\$'000	Total HK\$'000
Segment revenue:				
Revenue for external customers	153,195	–	–	153,195
Gross profit	63,309	–	–	63,309
Other income	111	6	–	117
Impairment losses under ECLs on other receivables	(1,437)	(365)	–	(1,802)
Operating expenses	(13,706)	(16,312)	–	(30,018)
Segment results	48,277	(16,671)	–	31,606
Finance costs	(8,579)	(2,215)	–	(10,794)
Profit/(loss) before tax	39,698	(18,886)	–	20,812
Income tax credit	22,703	221	–	22,924
Net profit/(loss) for the year	<u>62,401</u>	<u>(18,665)</u>	<u>–</u>	<u>43,736</u>
Segment assets	<u>869,086</u>	<u>223,112</u>	<u>(185,188)</u>	<u>907,010</u>
Segment liabilities	<u>(639,289)</u>	<u>(325,214)</u>	<u>498,124</u>	<u>(466,379)</u>
Capital expenditure	<u>(20,479)</u>	<u>–</u>	<u>–</u>	<u>(20,479)</u>
Depreciation and amortisation	<u>(38,113)</u>	<u>–</u>	<u>–</u>	<u>(38,113)</u>

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:

	2024 HK\$'000	2023 HK\$'000
Segment revenue by location of customers		
PRC, excluding Hong Kong, Macau and Taiwan	<u>722,725</u>	<u>153,195</u>
Non-current assets		
PRC, excluding Hong Kong, Macau and Taiwan	<u>1,052,754</u>	<u>786,634</u>
Hong Kong	<u>504</u>	<u>–</u>
	<u>1,053,258</u>	<u>786,634</u>

Revenue of approximately HK\$723 million (2023: HK\$153 million) which arose from sales to the Group's largest customer. There is three (2023: one) customer contributed 10% or more to the Group's revenues for the year ended of 31 March 2024.

Revenue from major customers:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Gold mining segment		
Customer A	437,146	—*
Customer B	123,265	133,683
Customer C	88,835	—*
	<u>88,835</u>	<u>—</u>

* The corresponding revenue does not contribute over 10% of the total revenue of the Group in the respective year.

Except for disclosed above, no other customers contributed 10% or more to the Group's revenue for both years.

5. REVENUE

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue recognised at a point in time within the scope of HKFRS 15		
Sale of gold	621,004	153,195
Sale of other metals	101,721	—
	<u>722,725</u>	<u>153,195</u>

6. OTHER INCOME

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest income	535	39
Government grant	369	55
Others	89	23
	<u>993</u>	<u>117</u>

7. OTHER GAINS AND LOSSES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss on disposals of property, plant and equipment	(16)	—
Gain on waiver and written back of other payables	30,927	—
Loss on early redemption of loan notes	(959)	—
Gain on waiver of bond	616	—
Change in fair value of convertible bond	9,111	—
	<u>39,679</u>	<u>—</u>

8. FINANCE COSTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest on bonds	508	504
Interest on convertible bonds	4,067	1,519
Interest on loan notes	1,819	–
Interest on borrowings	6,367	8,771
Interest on lease liabilities	22	–
Interest on bank overdrafts	593	–
	<u>13,376</u>	<u>10,794</u>

9. PROFIT BEFORE TAX

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Cost of sales	<u>638,896</u>	<u>89,886</u>
Auditors' remuneration	1,430	1,550
Amortisation of mining rights related assets	1,442	4,334
Depreciation on property, plant and equipment	44,243	33,651
Depreciation on right-of-use assets	546	128
Short-term lease payments	219	862
Equity-settled share-based payments		
Directors	664	1,350
Employees	452	465
Consultant	190	157
	<u>1,306</u>	<u>1,972</u>
Staff costs in administrative expense including directors' emoluments:		
Salaries, wages, allowances and benefits in kind	10,420	10,390
Retirement benefits scheme contributions	745	700
Equity-settled share-based payments	1,116	1,815
	<u>12,281</u>	<u>12,905</u>
Staff cost in cost of sales		
Salaries, wages, allowances and benefits in kind	5,247	657
Retirement benefits scheme contributions	834	111
	<u>6,081</u>	<u>768</u>
Staff costs	<u>18,362</u>	<u>13,673</u>

10. INCOME TAX EXPENSE/(CREDIT)

	2024 HK\$'000	2023 HK\$'000
Current tax – PRC Enterprise Income Tax (“PRC EIT”)		
Provision for the year	10,411	6,903
Over-provision of previous years	–	(29,606)
	<u>10,411</u>	<u>(22,703)</u>
Deferred tax		
Credited to profit or loss	–	(221)
	<u>–</u>	<u>(221)</u>
Income tax expense/(credit)	<u><u>10,411</u></u>	<u><u>(22,924)</u></u>

Under the two-tiered Profits Tax regime, the first HK\$2 million of profits of the qualifying group entity established in Hong Kong will be taxed at 8.25% (2023: 8.25%), and profits above that amount will be subject to the tax rate of 16.5% (2023: 16.5%). The profits of the group entities not qualifying for the two-tiered Profit Tax rate regime will continue to be taxed at a rate of 16.5% (2023: 16.5%).

No provision for Hong Kong Profits Tax has been made for the years ended 31 March 2024 and 2023 as the Group did not generate any assessable profit.

PRC EIT has been provided at a rate of 25% based on the assessable profit in accordance with the tax rules and regulations in the PRC (2023: 25%).

Pursuant to the (a) Notice of the Continuation of the Enterprise Income Tax Policy Related with the Western Region Development”, (b) Measures on Handling of Enterprise Income Tax Incentives (Revision 2018) and its attached Management Catalogue of Preferential Items in Enterprise Income Tax (2017 Edition) (Notice of STA 2018 No. 23), (c) the (i) encouraged industries in the Guiding Catalogue for Industrial Restructuring (2019 Edition) (Order of NDRC 2019 No. 29) and the (ii) industries in the Catalogue of Industries for Encouraging Foreign Investment (2020 Edition) (Order of NDRC and MOC 2020 No.38) set out in the Catalogue of Industries Encouraged to Develop in the Western Region (2020 Edition) (Order of NDRC No. 40), enterprise income tax may be levied at a reduced tax rate of 15% for enterprises established in the western region and engaged in encouraged industries.

Taizhou Mining, the Company’s operating subsidiary, has been granted a reduced EIT rate of 15% from year 2015 to 2024.

During the year ended 31 March 2024, the applicable EIT rate of Taizhou Mining has been restored at 15% following the abovesaid policies from the tax bureau under which Taizhou Mining could enjoy a reduced EIT rate of 15% from the statutory EIT rate of 25% for the years ended 31 March 2024 and 2023.

Pursuant to the requirements of the Measures for the Management of Accounting Archives issued by the Ministry of Finance and the National Archives Administration, tax return of an enterprise shall be stored for a period of 10 years. According to Article 53 of the Tax Administration and Collection Law, “tax authorities may within three years collect taxation and late payment fee if the non-payment or underpayment of taxes is due to computational errors made by the taxpayer or withholding agent. The statute of limitations of tax collection may be extended to five years under special circumstances”. During the year ended 31 March 2023, the Group, having consulted with the legal experts and PRC CPA in the mainland China, recognised an over-provision of income tax expense in profit or loss of approximately HK\$26,750,000 incurred for the years from 2008 to 2010 by Taizhou Mining which income tax filings had exceeded the promulgated retention period of ten years pursuant to the law enacted in the Mainland China, on the ground that Taizhou Mining did not receive income tax demand from the tax bureau and which collection period was also expired and lapsed. The management considers that it is not probable that Taizhou Mining would be requested to pay the income tax expense for the years from 2008 to 2010.

11. DIVIDEND

No dividend has been paid or proposed by the Company for the years ended 31 March 2024 and 2023.

12. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Earnings		
Earnings for the purpose of calculating basic earnings per share	55,296	26,109
Finance costs saving on conversion of convertible bonds outstanding	4,067	–
Change in fair value of convertible bonds	<u>(9,111)</u>	<u>–</u>
Earnings for the purpose of calculating diluted earnings per share from continuing operations	<u><u>50,252</u></u>	<u><u>26,109</u></u>

The weighted average number of ordinary shares for the purpose of calculating diluted earnings per share is adjusted as follows:

Number of shares	2024	2023
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	5,987,128,640	5,418,415,731
Effect of dilutive potential ordinary shares arising from share options issued by the Company	16,290,398	10,892,950
Effect of dilutive potential ordinary shares arising from convertible bonds outstanding	<u>710,382,514</u>	<u>–</u>
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	<u><u>6,713,801,552</u></u>	<u><u>5,429,308,681</u></u>

13. TRADE RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables	<u>29,107</u>	<u>41,072</u>

The aging analysis of trade receivables, based on the invoice date, and net of allowance, is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0 to 90 days	28,568	22,359
91 to 365 days	–	18,134
Over 365 days	<u>539</u>	<u>579</u>
	<u><u>29,107</u></u>	<u><u>41,072</u></u>

14. TRADE AND OTHER PAYABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current portion		
Advance from customers	–	98
Trade payables	96,994	12,259
Accruals	3,059	7,026
Received in advance for subscription shares	21,000	–
Other payables	9,126	18,068
Salary and benefits payables	2,569	9,554
	<hr/>	<hr/>
	132,748	47,005
Non-current portion		
Other payables	345,112	37,994
	<hr/>	<hr/>
	477,860	84,999
	<hr/> <hr/>	<hr/> <hr/>

The aging analysis of trade payables based on the demand note date, is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0 to 90 days	96,188	8,043
91 to 365 days	–	3,363
Over 365 days	806	853
	<hr/>	<hr/>
	96,994	12,259
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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 year ended 31 March 2024 (the “Year”), the Group’s revenue was approximately HK\$722.7 million, representing an increase of approximately 371.8% from approximately HK\$153.2 million as compared with that of the last year.

The increase in revenue was due to the acquisition of a production line of gold refinery which extends Group’s gold industry chain from mining and mineral processing to gold concentrates refinery and production and sale of gold ingots and other minerals.

Gross profit and gross profit margin

During the Year, the Group’s gross profit was approximately HK\$83.8 million, representing an increase of approximately 32.4% from approximately HK\$63.3 million as compared with that of the last year. The increase in gross profit was primarily due to the increase in revenue and average gold prices. During the Year, the Group’s overall gross profit margin was approximately 11.6% (2023: 41.3%).

The decrease in gross profit margin was due to the Company has to purchase additional gold concentrates from other mines to fulfil the large refinery scale which beyond the Company’s current mining capacity and gold refinery by industrial norms typically has large cashflows and revenues but relatively low gross profit margins because the cost of raw materials is also based on gold price. The Company acquired the gold refinery to form a complete gold production chain which is to enhance the Company’s revenue scales and profit potential, to recover other mineral resources such as silver, copper and lead not feasible with mining and processing, and to be in a better position to reach the end user market for future growth and diversification.

Selling and distribution expenses

During the Year, the Group’s selling and distribution expenses were approximately HK\$1.9 million, representing a increase of approximately 11.2% from approximately HK\$1.7 million as compared with that of the last year.

Administrative expenses

During the Year, the Group’s administrative expenses were approximately HK\$24.5 million, representing an decrease of approximately 13.5% from approximately HK\$28.3 million as compared to the last year.

Profit for the year

Profit for the Year of the Group amounted to approximately HK\$76.0 million (2023: approximately HK\$43.7 million).

For the Year, the Group recorded a net profit attributable to equity holders of the Company of approximately HK\$55.3 million, as compared to profit of approximately HK\$26.1 million recorded last year. The net profit for the Year as compared to the previous year was mainly due to (i) an increase in revenue; and (ii) the gain on other income.

Earnings per share

Earnings per share was approximately HK cents 0.92 for the Year (2023: approximately HK cents 0.48).

Dividend

The Board does not recommend the payment of any dividend for the Year (2023: nil).

Liquidity, financial resources and funding

As at 31 March 2024, the Group had cash and cash equivalents amounted to approximately HK\$47.5 million (2023: approximately HK\$24.6 million) and net current assets amounted to approximately HK\$174.6 million (2023: net current liabilities approximately HK\$5.0 million) whereas inventories of the Group amounted to approximately HK\$149.4 million (2023: approximately HK\$16.7 million).

As at 31 March 2024, the current ratio is approximately 1.87 (2023: approximately 0.96).

As at 31 March 2024, the Group's gearing ratio was approximately 27.3% (2023: approximately 35.8%), calculated based on total borrowings over total assets.

Capital structure

As at 31 March 2024, the Company's issued share capital was HK\$5,987,129 which were divided into 5,987,128,640 Shares of HK\$0.001 each.

Capital commitment

As at 31 March 2024, the Group did not have any significant capital commitments (2023: nil).

Charge on the Group's assets

As at 31 March 2024, the trade receivables of approximately HK\$29.1 million (2023: approximately HK\$41.1 million) were pledged to secure the Group's borrowings.

During the year ended 31 March 2024, the Group obtained bank overdraft facilities from a bank to the extent of HK\$20.0 million secured by the fixed deposits of HK\$20.0 million, none of the banking facilities were utilised by the Group.

Treasury policies

The Group's monetary assets and transactions are principally denominated in HK\$ or Renminbi ("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 4 to the 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 Hong Kong dollars or Renminbi, the exposure to foreign exchange rate fluctuations is minimal.

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

On 3 August 2023, a non-wholly owned subsidiary as purchaser, the Company as the holding company and an independent third party as vendor entered into the Agreement in relation to the acquisition of a full set of gold refinery machines and ancillary and supporting facilities which will form a gold refinery production line with a capacity up to 300 tons of gold concentrates per day at a total consideration of RMB160,000,000 (equivalent to approximately HK\$175,000,000) funded by internal resources of the Company including the issue and allotment of convertible bond, loan note and cash.

Details of which are set out in the announcement of the Company dated 3 August 2023.

Save as disclosed, the Group did not have any significant investment, material acquisition and disposal of subsidiaries and affiliated companies throughout the Year.

In addition, the Company is now focusing on developing and strengthening its existing business and is exploring 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 2024 and 2023.

Employees and remuneration policies

As at 31 March 2024, the Group had 173 employees (2023: 51) situated mainly in the People's Republic of China (the "PRC") and Hong Kong. The Group's emoluments policies are formulated based on industry practices and performance of individual employees. For the Year, the total staff costs (including directors' emoluments and share options) amounted to approximately HK\$18.4 million (2023: approximately HK\$13.7 million).

A directors' remuneration policy has been adopted. It aims to set out the Company's policy in respect of remuneration paid to executive Directors and non-executive Directors. The Directors' remuneration policy sets out the remuneration structure that allows the Company to attract, motivate and retain qualified Directors who can manage and lead the Company in achieving its strategic objective and contribute to the Company's performance and sustainable growth, and to provide Directors with a balanced and competitive remuneration. The remuneration policy is, therefore, aiming at being competitive but not excessive. To achieve this, remuneration package is determined with reference to a matrix of factors, including the individual performance, qualification and experience of Directors concerned and prevailing industry practice. It will be reviewed and, if necessary, updated from time to time to ensure its continued effectiveness.

Relationships with employees, customers and suppliers

Employees

The Directors are of the view that its employees are the keys to the sustainable development of the Group. The Directors believe that the Group maintains good working relations with its employees and endeavors to maintain and improve the quality of its products.

Customers and Suppliers

The Group aims to provide comprehensive solutions that meet customers' needs and establish a comprehensive vertical supply chain management system through resource integration and supplier screening and management.

The objectives of the Group are to deepen the collaborative relationship with the strategic suppliers and to create competitive advantages in the value chain, thereby aiming to enhance the impact on the society and environment and to ensure that their suppliers uphold similar stance in sustainability. The Group maintains long-term relationship with its suppliers for ensuring stable supply.

PROSPECT

With the new gold refinery production line's operation, a series of on-going technical renovation, the renewed larger-area mining permit, and the completion of a new round of capital raising, the Company is in full gear for implementing its strategic growth plan. The future prospects may be reflected through the following planned actions:

- Continue exploration in the expanded permitted area to further enlarge our reserves and resources from the current levels, and thus the asset scale and mine's lifespan;
- Increase production capacity and improve its efficiency through continued technical renovation in mining, processing and refinery production line to substantially increase the matching mining and processing capacity which will also better match up the refinery scale.
- Identify, screen and complete acquisitions of mining and related assets of carefully selected targets;
- Initiate an innovative approach to tailing treatment which aims to turn the waste into a reusable material, helping sustainable operation and minimizing adverse impacts to the environment as well as to create new revenue source;
- Expand and diversify the Company business scope, by entering into new business sectors as appropriate including extension of the industrial chain further downstream to eventually the end users of precious metals, trade and logistics for gold concentrates and ingots, ecological rehabilitation for abandoned mines, and expansion our business overseas.

With our business and capital market partners, the Company is confident for our promising future prospects and we will ultimately achieve the strategic goal of generating the returns our investors and shareholders expect.

MINERAL EXPLORATION, MINE DEVELOPMENT AND ORE MINING ACTIVITIES

Mineral Exploration and Mine Development

During the Year, Taizhou Mining mainly completed certain mining development projects, including the excavation of approximately 30,096 meters of various tunnels, excavation of approximately 2,407 meters of slope supporting, excavation of approximately 3,611 meters of ore chute as well as excavation of approximately 9,028 meters for track laying and ditches.

During the Year, the Group's total expenditure for the mine development and mineral exploration amounted to approximately HK\$170.8 million and approximately HK\$12.3 million respectively.

Ore Mining

During the Year, the aggregate expenditure on the ore mining operation of the Group was approximately HK\$21.3 million.

RESOURCES AND RESERVES

Based on the preliminary findings by SRK Consulting China Ltd, from a recently completed technical due diligence review (TDDR) and pursuant to JORC code 2012.

- As of 31 March 2024, using a gold cut-off grade of 1.0 gram per tonne, the indicated resource and inferred resource of the Group were:

	Inventory <i>(kilotonne)</i>	Grade <i>(gram per tonne, gold)</i>	Contained metal <i>(kilogram, gold)</i>
Measured resources	4,160	6.10	25,350
Indicated resource	1,310	6.04	7,935
Measured + Indicated Resources	<u>5,470</u>	<u>6.09</u>	<u>33,285</u>
Inferred resource	<u>680</u>	<u>6.03</u>	<u>4,089</u>
Total	<u><u>6,150</u></u>	<u><u>6.08</u></u>	<u><u>37,374</u></u>

- As at 31 March 2024, under a cut-off grade of 1.9 gram per tonne, the estimated probable reserves of the Group were:

	Inventory <i>(kilotonne)</i>	Grade <i>(gram per tonne, gold)</i>	Contained metal <i>(kilogram, gold)</i>
Proved Ore Reserves	3,974	5.40	21,473
Probable Ore Reserves	<u>813</u>	<u>5.20</u>	<u>4,233</u>
Total	<u><u>4,787</u></u>	<u><u>5.37</u></u>	<u><u>25,706</u></u>

SRK's full Competent Person Report (CPR) based on the TDDR is expected to complete by August 2024.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the Year.

EVENT AFTER THE REPORTING PERIOD

Subscription Agreement

On 22 March 2024, the Company and King Tower Global Absolute Return Fund SPC (the "**Subscriber**") entered into the Subscription Agreement pursuant to which the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue a total of 310,638,298 new Shares at the Subscription Price of HK\$0.141 per Subscription Share.

The Subscription Shares represent approximately 5.19% of the existing issued share capital of the Company and approximately 4.93% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares. The aggregate nominal value of the Subscription Shares is HK\$0.31 million.

310,638,298 shares has been allotted on 24 April 2024 pursuant to the subscription agreement dated 22 March 2024, details of which are set out in the announcement of the company dated 22 March 2024.

Save as disclosed in this announcement, no material events happened subsequent to the Year and up to the date of this announcement.

SCOPE OF WORK OF MCMILLAN WOODS (HONG KONG) CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2024 as set out in this announcement have been agreed by the Group's auditor, McMillan Woods (Hong Kong) CPA Limited, to the amounts set out in the Group's draft consolidated financial statements for the year ended 31 March 2024. The work performed by McMillan Woods (Hong Kong) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by McMillan Woods (Hong Kong) CPA Limited on this annual results announcement.

CORPORATE GOVERNANCE PRACTICES

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 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 C1 to the GEM Listing Rules and the Company had complied with all Code Provisions as set out in the Code in the Year, 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. During the Year, the role of the chairman of the Company is performed by Dr. Li, while the office of the chief executive is vacated following the retirement of Mr. Feng Jun on 11 September 2017. 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 of the chief executive as appropriate.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 of the Listing Rules as the required standard for securities transactions by Directors. The Company has made specific enquiries of all Directors and all Directors confirmed that they have complied with the required standards set out in the Model Code regarding Directors' securities transactions throughout the Year.

AUDIT COMMITTEE

The primary duties of the Audit Committee are to review the financial information of the Company, oversee the financial reporting process and 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 written terms of reference that sets out its authorities and duties, which has been published on the websites of the Stock Exchange and the Company.

The Audit Committee comprises all independent non-executive Directors. Members of the Audit Committee during the Year and up to the date of this announcement is as follows:

Mr. Lam Albert Man Sum (*Chairman*)
Mr. Guo Wei
Mr. Cheung Wai Hung

4 meetings had been held by the Audit Committee during the Year.

The Audit Committee has reviewed and discussed with the management the draft consolidated financial statements for the Year, the unaudited condensed consolidated financial statements for the three months ended 30 June 2023, for the six months ended 30 September 2023 and for the nine months ended 31 December 2023, the accounting principles and practices adopted by the Group and auditing, risk management and internal control systems and financial reporting matters. The draft financial statements of the Group for the year ended 31 March 2024 have been reviewed by the Audit Committee.

By Order of the Board
Grand T G Gold Holdings Limited
Li Dahong
Chairman

Hong Kong, 27 June 2024

As at the date of this announcement, the Board comprises of Dr. Li Dahong (executive Director), Ms. Ma Xiaona (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).

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange 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 Listed Company Information” page of the Stock Exchange’s website at www.hkexnews.hk for at least seven days from the date of its publication and on the websites of the Company at <http://www.grandtg.com/>.

** For identification purposes only*