



2008
INTERIM REPORT



Grand T G
Gold Holdings Ltd.

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)

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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This report, for which the directors (the “Directors”) of Grand T G Gold Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this report is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this report misleading; and (iii) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

HIGHLIGHTS

1. The Group has recorded an unaudited turnover of approximately HK\$107.81 million for the six months ended 30 September 2008.
2. The results of the Gold Mining Division were consolidated with that of the Group since 1 May 2008. During the period from 1 May 2008 to 30 September 2008, the Gold Mining Division recorded a segment profit of approximately HK\$15.81 million.

TO ALL SHAREHOLDERS,

The board of Directors (the “Board”) of the Company announces the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 September 2008, together with the comparative unaudited figures for the six months ended 30 September 2007 (the “Corresponding Period”), as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	(Unaudited) Six months ended 30 September		(Unaudited) Three months ended 30 September	
		2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Revenue	3	107,812	168,752	42,388	80,569
Cost of sales		(80,543)	(158,378)	(34,827)	(76,087)
Gross profit		27,269	10,374	7,561	4,482
Other income	5	55	115	(36)	39
Amortisation on exploration and evaluation assets		(3,241)	–	(1,864)	–
Selling and distribution expenses		(462)	(3,579)	(64)	(3,154)
Administrative expenses		(13,426)	(6,291)	(8,830)	(2,834)
Operating profit/(loss)	6	10,195	619	(3,233)	(1,467)
Finance costs	7	(11,133)	(468)	(6,567)	(187)
(Loss)/profit before taxation		(938)	151	(9,800)	(1,654)
Taxation	8	(171)	514	(120)	623
(Loss)/profit for the period		(1,109)	665	(9,920)	(1,031)
Attributable to:					
Shareholders of the Company		(5,785)	665	(10,856)	(1,031)
Minority interests		4,676	–	936	–
(Loss)/profit for the period		(1,109)	665	(9,920)	(1,031)
Dividends	9	–	–	–	–
(Loss)/earnings per share	10	HK Cents	HK Cents	HK Cents	HK Cents
Basic		(0.10)	0.02	(0.19)	(0.03)
Diluted		N/A	N/A	N/A	N/A

CONDENSED CONSOLIDATED BALANCE SHEET

		(Unaudited) As at 30 September 2008 HK\$'000	(Audited) As at 31 March 2008 HK\$'000
	Note		
Non-current assets			
Property, plant and equipment		33,767	29,984
Prepaid land lease premium		1,614	1,586
Deposit for acquisition of subsidiaries		–	66,036
Deferred tax assets		73	105
Intangible assets		306,689	–
Goodwill		1,323,616	–
		1,665,759	97,711
Current assets			
Prepaid land lease premium		34	34
Inventories		9,705	17,455
Trade and other receivables	11	51,665	36,562
Bank balances and cash		12,575	19,961
		73,979	74,012
Current liabilities			
Trade and other payables	12	24,693	14,636
Interest-bearing borrowings			
– due within one year	13	20,566	64
Tax payable		6,345	268
		51,604	14,968
Net current assets			
		22,375	59,044
Total assets less current liabilities			
		1,688,134	156,755

		(Unaudited) As at 30 September 2008 HK\$'000	(Audited) As at 31 March 2008 HK\$'000
	Note		
Non-current liabilities			
Deferred tax liabilities		40,985	1,091
Amount due to a minority shareholder		50,156	–
Amount due to a director		38,350	–
Convertible bonds	14	543,836	–
Promissory notes		138,240	–
		811,567	1,091
Net assets			
		876,567	155,664
Capital and reserves			
Share capital	15	7,180	3,871
Reserves		826,606	151,793
Total equity attributable to equity shareholders of the Company			
		833,786	155,664
Minority interests		42,781	–
Total equity			
		876,567	155,664

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(Unaudited)
Six months ended
30 September

	Note	2008 HK\$'000	2007 HK\$'000
Net cash from operating activities		13,441	12,730
Net cash used in investing activities	16	(10,814)	(1,269)
Net cash used in financing activities		(9,955)	(13,171)
Net decrease in cash and cash equivalents		(7,328)	(1,710)
Cash and cash equivalents at beginning of the period		19,961	11,116
Effect of foreign exchange rate changes		(58)	(214)
Cash and cash equivalents at end of the period		12,575	9,192
Analysis of the balances of cash and cash equivalents			
Bank balances and cash		12,575	9,192

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued share capital	Share premium	Exchange reserve	Capital reserve	Other reserve	Reva- luation reserve	Statutory surplus reserve	Statutory welfare fund	Statutory general reserve	Retained profits	Total	Minority interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Six months ended													
30 September 2008 (Unaudited)													
At 1 April 2008	3,871	98,045	2,147	13,463	-	10,480	325	162	485	26,686	155,664	-	155,664
Exchange differences arising from translation of financial statements of overseas subsidiaries	-	-	1,538	-	-	-	-	-	-	-	1,538	23	1,561
Acquisition of interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	38,082	38,082
Issue of convertible bonds	-	-	-	-	31,121	-	-	-	-	-	31,121	-	31,121
Conversion of convertible bonds	1,654	248,478	-	-	(9,577)	-	-	-	-	-	240,555	-	240,555
Issue of shares	1,655	409,038	-	-	-	-	-	-	-	-	410,693	-	410,693
(Loss)/Profit for the period	-	-	-	-	-	-	-	-	-	(5,785)	(5,785)	4,676	(1,109)
At 30 September 2008	7,180	755,561	3,685	13,463	21,544	10,480	325	162	485	20,901	833,786	42,781	876,567
Six months ended													
30 September 2007 (Unaudited)													
At 1 April 2007	3,571	18,972	1,294	13,463	-	7,748	325	162	485	39,682	85,702	-	85,702
Exchange differences arising from translation of financial statements of overseas subsidiaries	-	-	(248)	-	-	-	-	-	-	-	(248)	-	(248)
Profit for the period	-	-	-	-	-	-	-	-	-	665	665	-	665
Dividend – 2007 final	-	-	-	-	-	-	-	-	-	(1,393)	(1,393)	-	(1,393)
At 30 September 2007	3,571	18,972	1,046	13,463	-	7,748	325	162	485	38,954	84,726	-	84,726

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2008

1. GENERAL INFORMATION

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

2. BASIS OF PREPARATION

The unaudited condensed consolidated results for the six months ended 30 September 2008 have been prepared in accordance with Hong Kong Accounting Standard No. 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the GEM Listing Rules. The accounting policies adopted in preparing the unaudited condensed consolidated results are consistent with those followed in the annual financial statements for the year ended 31 March 2008 except for the accounting policy on revenue recognition mentioned below.

Revenue recognition

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

3. REVENUE

Revenues recognized in the periods are as follows:

	(Unaudited)		(Unaudited)	
	Six months ended		Three months ended	
	30 September		30 September	
	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Gold Mining Division	36,520	–	11,066	–
PC Component Division	71,292	168,752	31,322	80,569
Total revenue	107,812	168,752	42,388	80,569

4. SEGMENTAL INFORMATION

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

Primary reporting format – business segments

	(Unaudited)							
	Six months ended 30 September							
	Gold Mining		PC Component		Corporate		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Segment revenue:								
Turnover for external customers	36,520	-	71,292	168,752	-	-	107,812	168,752
Gross profit	23,567	-	3,702	10,374	-	-	27,269	10,374
Other income	1	-	54	115	-	-	55	115
Operating expenses	(4,398)	-	(3,973)	(7,063)	(3,366)	(1,116)	(11,737)	(8,179)
	19,170	-	(217)	3,426	(3,366)	(1,116)	15,587	2,310
Depreciation and amortisation	(3,359)	-	(2,033)	(1,691)	-	-	(5,392)	(1,691)
Segment results	15,811	-	(2,250)	1,735	(3,366)	(1,116)	10,195	619
Finance costs							(11,133)	(468)
(Loss)/profit before taxation							(938)	151
Taxation							(171)	514
(Loss)/profit after taxation							(1,109)	665
Minority interest							(4,676)	-
Net (loss)/profit for the period							(5,785)	665

Secondary reporting format – geographical segments

	(Unaudited)		(Unaudited)	
	Six months ended		Three months ended	
	30 September		30 September	
	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue by location of customers				
PRC, excluding Hong Kong and Taiwan	58,652	74,020	20,564	36,396
Taiwan	33,571	54,787	14,928	36,480
Hong Kong	1,574	12,052	778	1,174
Singapore	2,820	4,518	1,506	2,001
Australia	683	1,142	105	600
Other Asia-Pacific regions	9,466	16,629	4,084	3,533
Europe	145	2,338	82	385
Other regions	901	3,266	341	–
	107,812	168,752	42,388	80,569

5. OTHER INCOME

	(Unaudited)		(Unaudited)	
	Six months ended		Three months ended	
	30 September		30 September	
	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest income	56	2	55	1
Gain on disposal of fixed assets	10	–	–	–
Sundry income	(11)	113	(91)	38
	55	115	(36)	39

6. OPERATING PROFIT/(LOSS)

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

	(Unaudited)		(Unaudited)	
	Six months ended		Three months ended	
	30 September		30 September	
	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cost of inventories sold	80,543	158,378	34,827	76,087
Amortisation of intangible assets	3,241	–	1,864	–
Amortisation of land lease premium	18	17	9	9
Depreciation	2,133	1,674	1,037	831
Operating lease rentals				
in respect of land and buildings	686	386	362	242
Impairment loss recognized				
in respect of trade and				
other receivables	–	3,062	–	3,062
Research and development cost	427	515	162	258
Staff costs including directors' emoluments	10,453	7,657	6,536	3,505

7. FINANCE COSTS

	(Unaudited)		(Unaudited)	
	Six months ended		Three months ended	
	30 September		30 September	
	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amortisation of convertible bonds	9,112	–	5,348	–
Interest on bank loans and overdrafts	717	468	437	187
Interest on promissory note	1,304	–	782	–
	11,133	468	6,567	187

8. TAXATION

	(Unaudited) Six months ended 30 September		(Unaudited) Three months ended 30 September	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Hong Kong profits tax	–	–	–	(111)
Overseas taxation	140	26	108	38
	140	26	108	(73)
Deferred tax charged/(credit)	31	(540)	12	(550)
	171	(514)	120	(623)

Hong Kong profits tax is calculated at the rate of 16.5% (six months ended 30 September 2007: 17.5%) on the estimated assessable profits arising in or derived from Hong Kong for the period.

Overseas taxation represents tax charges on the estimated assessable profits of subsidiaries operating overseas including the PRC, calculated at rates applicable in the respective jurisdictions for the period.

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

The applicable tax rate of Tongguan Taizhou Mining Company Limited is 25%.

9. DIVIDENDS

The Board does not recommend the payment of any dividend for the six months ended 30 September 2008 (six months ended 30 September 2007 : Nil).

10. (LOSS)/EARNINGS PER SHARE

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

	(Unaudited)	
	Six months ended	
	30 September	
	2008	2007
	HK\$'000	HK\$'000
(Loss)/earnings for the purposes of basic (loss)/earnings per share, being (loss)/profit attributable to equity holders of the Company	(5,785)	<u>665</u>
Amortisation of convertible bonds	9,112	
Earnings for the purpose of diluted earnings per share	3,327	

	Number of shares	
Weighted average number of ordinary shares for the purposes of basic earnings per share	5,581,427,311	<u>3,571,362,000</u>
Effective of dilutive potential ordinary shares: convertible bonds	198,742,267	
Weighted average number of ordinary shares for the purpose of diluted earnings per share	5,780,169,578	

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

No diluted earnings per share has been presented for the six months ended 30 September 2008 as there were no dilutive potential ordinary shares outstanding.

11. TRADE AND OTHER RECEIVABLES

	(Unaudited) As at 30 September 2008 HK\$'000	(Audited) As at 31 March 2008 HK\$'000
Trade receivables	45,009	35,907
Other receivables, deposits and prepayments	6,656	655
	51,665	36,562

The credit terms granted by the Group to its customers normally ranged from COD (cash-on-delivery) to 75 days.

The aged analysis of the Group's trade receivable is as follows:

	(Unaudited) As at 30 September 2008 HK\$'000	(Audited) As at 31 March 2008 HK\$'000
0 – 30 days	8,369	9,791
31 – 60 days	17,085	5,130
61 – 90 days	3,580	2,403
Over 90 days	15,975	18,583
	45,009	35,907

12. TRADE AND OTHER PAYABLES

	(Unaudited) As at 30 September 2008 <i>HK\$'000</i>	(Audited) As at 31 March 2008 <i>HK\$'000</i>
Trade payables	5,104	10,194
Other payables and accruals	19,589	4,442
	24,693	14,636

The aged analysis of the Group's trade payables is as follows:

	(Unaudited) As at 30 September 2008 <i>HK\$'000</i>	(Audited) As at 31 March 2008 <i>HK\$'000</i>
0 – 30 days	1,049	3,774
31 – 60 days	1,410	2,012
61 – 90 days	2,011	2,260
Over 90 days	634	2,148
	5,104	10,194

13. INTEREST-BEARING BORROWINGS

	(Unaudited) As at 30 September 2008 <i>HK\$'000</i>	(Audited) As at 31 March 2008 <i>HK\$'000</i>
Bank loans- Secured	20,536	–
Obligations under a finance lease	30	64
	20,566	64
Amounts due within one year included in current liabilities	(20,566)	(64)
Amounts due after one year	–	–

14. CONVERTIBLE BONDS

On 30 April 2008, the Company issued the Convertible Bonds of HK\$806,400,000 as part of the consideration for the acquisition of SSC Mandarin Mining Investment Limited ("MIL"). The Convertible Bonds contain two components, liability and equity elements. The fair value of the liability component, included in non-current liabilities, was determined using the method of discounted cash flow. The residual amount, representing the equity element, is included in shareholders' equity in other reserves.

The Convertible Bonds recognized in the balance sheet is calculated as follows:

	Group and Company <i>HK\$'000</i>
Convertible Bonds issued on 30 April 2008	806,400
Equity component	(31,121)
Liability component on initial recognition at 30 April 2008	775,279
Amounts transferred to capital and reserves on conversion	(240,555)
Amortisation of Convertible Bonds	9,112
Liability component as at 30 September 2008	543,836

15. SHARE CAPITAL

	Ordinary shares of HK\$0.001 each	
	(Unaudited) Number of shares	(Unaudited) Nominal value <i>HK\$'000</i>
<hr/>		
Authorised:		
As at 31 March 2008 and 30 September 2008	20,000,000,000	20,000
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Issued and fully paid:		
As at 31 March 2008	3,871,362,000	3,871
Issue of shares as part of the consideration for the acquisition of MIL	1,382,400,000	1,383
Issue of shares by way of placing	272,256,000	272
Issue of shares on conversion of Convertible Bonds	1,654,360,000	1,654
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As at 30 September 2008	7,180,378,000	7,180
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16. NOTE TO THE CONDENSED CONSOLIDATED CASH FLOW STATEMENT

Acquisition of subsidiaries

On 30 April 2008, the acquisition of the entire issued share capital of MIL was completed. The amount of the goodwill arising as a result of the acquisition was approximately HK\$1,321,067,000. Details of the transaction were disclosed in the Company's circular dated 28 March 2008.

The net assets of MIL and its subsidiaries (collectively, the "MIL Group") acquired in the transaction and the goodwill arising are as follows:

	(Unaudited) As at 30 April 2008		
	MIL Group's		
	carrying	Fair value	
	amount	adjustment	Fair value
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Property, plant and equipment	4,962		4,962
Intangible assets	130,972	159,453	290,425
Goodwill	2,533		2,533
Prepayment, deposits and other receivables	5,404		5,404
Inventories	6,813		6,813
Construction in progress	1,011		1,011
Cash and bank balances	7,086		7,086
Trade and other payables	(15,121)		(15,121)
Bank loans	(21,197)		(21,197)
Tax payable	(5,904)		(5,904)
Amount due to a minority shareholder	(64,248)		(64,248)
Amount due to a director	(64,051)		(64,051)
Deferred tax liabilities	–	(39,863)	(39,863)
Net (liabilities)/assets	(11,740)	119,590	107,850
Less: 28% minority interest	(4,596)	(33,485)	(38,081)
Fair value of the acquired assets	(16,336)	86,105	69,769
Goodwill			1,321,067
			1,390,836

(Unaudited)
As at 30 April 2008
Fair value

HK\$'000

Satisfied by:	
Cash	60,000
Issue of 1,382,400,000 shares of the Company at fair value	380,160
Issue of convertible bonds	806,400
Issue of promissory notes	138,240
Incidental acquisition costs	6,036
	1,390,836

Net inflow of cash and cash equivalents in respect of the acquisition of subsidiaries:

	(Unaudited)	
	Six months ended	
	30 September	
	2008	2007
	HK\$'000	<i>HK\$'000</i>
Bank and cash balance acquired	7,086	–

17. COMMITMENTS**(a) Capital commitments**

The Group did not have any significant capital commitments as at 30 September 2008.

(b) Operating lease commitments

The Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings falling due as follows:

	(Unaudited) As at 30 September 2008 HK\$'000	(Audited) As at 31 March 2008 HK\$'000
Within one year	1,026	1,095
In the second to fifth year, inclusive	389	817
	1,415	1,912

18. CONTINGENT LIABILITIES

As at 30 September 2008, five (as at 31 March 2008 : five) employees of the Group have completed the required number of years of service under the Hong Kong Employment Ordinance (the "Employment Ordinance") to be eligible for long service payments on termination of their employment. The Group is only liable to make such payments where the termination meets the circumstances specified in the Employment Ordinance.

If the termination of all such employees meets the circumstances as set out in the Employment Ordinance, the Group's liability as at 30 September 2008 would be approximately HK\$249,000 (as at 31 March 2008: HK\$249,000). No provision has been made by the Group in this respect.

Save as disclosed above, the Group did not have any significant contingent liabilities as at 30 September 2008.

19. COMPARATIVE FIGURES

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

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Total turnover of the Group for the six months ended 30 September 2008 amounted to approximately HK\$107,812,000, representing a decrease of approximately 36.11% from that of approximately HK\$168,752,000 in the Corresponding Period. Despite the decrease in turnover, the Group's overall gross profit margin increased to approximately 25.29% from that of approximately 6.15% in the Corresponding Period. The aforesaid improvement in the period under review was mainly due to the consolidation of the results of the Gold Mining Division with that of the Group since 1 May 2008.

Gold Mining Division

During the period from 1 May 2008 to 30 September 2008, this business division recorded a turnover of approximately HK\$36.52 million with a gross profit of approximately HK\$23.57 million and a segment profit of approximately HK\$15.8 million. The gross profit and net profit margins for these five months were approximately 64.53% and 43.29% respectively.

During the period from early August 2008 to late September 2008, the operation of this business division was affected by the limited supply of explosives, which are essential for mining activities, in Tongguan County when the two Olympic Games were held in Beijing. In addition, subsequent to the collapse of the tailing dam in Xiang Fen County of Shanxi province of the PRC on 8 September 2008, the Safety Production Management Bureau of Tongguan County requested all the mines in Tongguan County to cease operation for the purpose of safety inspection.

PC Component Division

Due to the escalation of competition in the display card market, turnover of this business segment decreased by 57.75% to approximately HK\$71.29 million (six months ended 30 September 2007: approximately HK\$168.75 million). Its segment results dropped by HK\$3.99 million to a loss of approximately HK\$2.25 million (profit for the six months ended 30 September 2007: approximately HK\$1.74 million).

Business Review and Prospect

During the period from 1 May 2008 to 30 September 2008, the Gold Mining Division was focused on the sale of gold concentrates and therefore, no sale of mined ore or by-products were recorded. Notwithstanding the recent downward movements of the global gold price, in view that the global gold mine production over the past few years has been consistently under-supplying the global demand of gold for fabrication and retail investment and the strong demand for gold in the PRC in recent years, the Board believes that these factors will continue to support gold prices in the long run.

To cope with the increasing demand of our customers, the Group has adopted the following strategies in respect of its Gold Mining Division :

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

Geological exploration and mineral rights management

In order to enhance the gold metal resources of the Group, during 2008 and up to 12 October 2008, Tongguan Taizhou Mining Company Limited ("Taizhou Mining"), the 72% owned operating arm of the Gold Mining Division of the Group, conducted certain works in geological exploration including tunneling of 1,944 meters and drilling holes of 8,670 meters. According to the progress report of 712 Geological Brigade of Northwest Bureau of Geology and Mineral Resources, which has been reviewed by our in-house geologist, the newly added ore and gold metal resources amounted to approximately 1,059,000 tonnes and 4,579 kg respectively. The aforesaid increases in ore and gold metal resources are subject to the final confirmation of geological technical adviser of international repute.

Building of additional ducts

During the period from 1 May 2008 to 30 September 2008, the Group completed additional digging of approximately 900 meters, achieving a total length of approximately 93,000 meters as at 30 September 2008.

Liquidity and Financial Resources

The Group generally finances its operations by cash flow generated from sales and from its banking facilities. As at 30 September 2008, the Group had net current assets of approximately HK\$ 22,375,000 of which approximately HK\$12,575,000 was bank balances and cash while current portion of interest-bearing borrowings was approximately HK\$20,566,000. As at 30 September 2008, the Group had total banking facilities of approximately HK\$28,536,000, approximately HK\$20,536,000 of which had been utilized. The Group's banking facilities were secured by fixed charges on certain of the Group's leasehold land and buildings and machinery and by corporate guarantee executed by the Company, personal guarantee by a minority shareholder of Taizhou Mining and his spouse, fixed charges on the land use right owned by an independent third party, and the mining rights owned by Taizhou Mining.

In view of the current cash position, the banking facilities available and the expected future cash flow from operations, the Directors believe that the Group has sufficient financial resources to meet its operation needs.

Debts Maturity Profile

The debts maturity profile of the Group as at 30 September 2008 was as follows:

	(Unaudited) As at 30 September 2008 HK\$'000	(Unaudited) As at 31 March 2008 HK\$'000
On demand or within one year	20,566	64
Between one and two years	60,000	–
Between two and five years	710,582	–
	791,148	64

Foreign Exchange Exposure

Most of the trading transactions, assets and liabilities of the Group were denominated in Hong Kong dollars and United States dollars and Renminbi. The Group adopted a conservative treasury policy with most of the bank deposits being kept in Hong Kong dollars or United States dollars, or in the local currencies of the operating subsidiaries to minimize exposure to foreign exchange risks. As at 30 September 2008, the Group had no foreign exchange contracts, interest or currency swaps or other financial derivatives for hedging purposes.

Employee Information

The remuneration for the employees of the Group amounted to approximately HK\$10,453,000, including Directors' emoluments of approximately HK\$2,887,000 for the six months ended 30 September 2008. As at 30 September 2008, the Group employed 356 employees in the PRC, Hong Kong, Singapore and Macau.

Material Acquisitions and Disposals

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

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

As at the date of this report, Convertible Bonds in the principal amount of HK\$248,154,000 have been converted to 1,654,360,000 new Shares at the conversion price of HK\$0.15 per new Share.

Save as disclosed above, the Group did not have any material acquisitions and disposals of subsidiaries during the six months ended 30 September 2008.

Capital Structure

The capital of the Company comprises only ordinary shares. Details of movements in the share capital of the Company during the six months ended 30 September 2008 are set out in note 15 to the unaudited condensed consolidated financial statements.

Gearing Ratios

The Group's gearing ratio as at 30 September 2008 increased to 49.6% from 9.4% as at 31 March 2008. The gearing ratios were calculated on the basis of total liabilities over total assets as at the respective balance sheet dates. The increase in gearing ratio was due to the financial requirement for the acquisition of MIL as part of the consideration of such acquisition was satisfied by the issue of the Convertible Bonds (HK\$806,400,000) and by the issue of promissory notes (HK\$138,240,000) on 30 April 2008.

Charges on the Group's Assets

As at 30 September 2008, the Group's leasehold land and buildings with net book value of approximately HK\$6,244,000 (as at 31 March 2008 : HK\$6,350,000) and mining rights were pledged as collaterals for the Group's banking facilities of approximately HK\$8,000,000 and RMB18,000,000.

Contingent Liabilities

Saved as disclosed in note 18 to the unaudited condensed consolidated financial statements above, the Group did not have any other material contingent liabilities as at 30 September 2008.

CHANGE OF COMPANY NAME

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

FUND RAISING EXERCISES

Subscription Agreements with Chow Tai Fook Nominee Limited

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

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

Subscription of new Shares

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

SHARE OPTION SCHEME

Pursuant to the written resolutions of the sole shareholder of the Company dated 6 September 2004, the Company adopted the share option scheme (the "Share Option Scheme") whereby share options to subscribe for Shares may be granted subject to and at the terms and conditions stipulated therein. Principal terms of the Share Option Scheme were summarised in the paragraph headed "Share Option Scheme" in Appendix 5 to the prospectus of the Company dated 14 September 2004. At the EGM, a resolution was passed to refresh the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme to 525,376,200 Shares. As at 30 September 2008, no share option was granted under the Share Option Scheme.

DIRECTORS' AND EMPLOYEES' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save for the share options that may be granted under the Share Option Scheme, none of the Directors or employees of the Group or their respective associates were granted by the Company or its subsidiaries the rights to acquire shares or debentures of the Company or any other body corporate, or had exercised any such rights as at 30 September 2008.

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

As at 30 September 2008, the interests and short positions of the directors (the "Directors") and chief executives of the Company in the Shares, underlying Shares pursuant to the Convertible Bonds ("Underlying Shares") and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were recorded in the register required to be kept under section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long positions in Shares and Underlying Shares of the Company

Name	Nature of interest	Number and class of securities	Approximate % of the issued share capital of the Company
Mr. Lee Sing Leung, Robin ("Mr. Lee")	Personal interest	1,544,720,000 Shares and 1,612,800,000 Underlying Shares <i>(Note 1)</i>	
	Interest in a controlled corporation	110,000,000 Shares <i>(Note 2)</i>	
<i>Subtotal</i>		1,654,720,000 Shares and 1,612,800,000 Underlying Shares	45.51%
Mr. Leung Heung Ying, Alvin ("Mr. Leung")	Interest in a controlled corporation	276,480,000 Shares and 1,075,200,000 Underlying Shares <i>(Note 3)</i>	18.82%
Mr. Chan Hing Yin ("Mr. Chan")	Interest in a controlled corporation	1,099,922,000 Shares <i>(Note 4)</i>	15.32%
Mr. Wong Kin Yick Kenneth ("Mr. Wong")	Interest in a controlled corporation	260,000,000 Underlying Shares <i>(Note 5)</i>	3.62%

Notes:

- (1) The Underlying Shares were derived from interest of the Convertible Bonds in the principal amount of HK\$241,920,000 owned by Mr. Lee.
- (2) These Shares were held by Mr. Lee via Rubion International Limited, a company wholly and beneficially owned by Mr. Lee.
- (3) These Shares and Underlying Shares were held by J. Thomson Asset Investment Limited ("J. Thomson"), a company wholly and beneficially owned by Mr. Leung. The Underlying Shares were derived from interest of the Convertible Bonds in the principal amount of HK\$161,280,000 held by J. Thomson.
- (4) These Shares were held by Osborne Pacific Limited ("Osborne") which is wholly and beneficially owned by Mr. Chan.
- (5) These Underlying Shares were derived from interest of the Convertible Bonds in the principal amount of HK\$39,000,000 held by Bouncy International Limited, a company wholly and beneficially owned by Mr. Wong.

Save as disclosed above, as at 30 September 2008, none of the Directors or chief executives of the Company had any interests and short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were recorded in the register required to be kept under section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rule 5.46 to 5.67 of the GEM Listing Rules.

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

So far as is known to any Director or chief executive of the Company, as at 30 September 2008, the following person (other than the Directors and chief executives of the Company whose interests are set out in the section "Directors' and chief executives' interests and short positions in Shares, underlying Shares and debentures" above) had an interest or short position in the Shares or Underlying Shares of the Company which were recorded in the register required to be kept under Section 336 of the SFO.

Name	Nature of interest	Number and class of securities	Approximate % of the issued share capital of the Company
J. Thomson	Beneficial owner	276,480,000 Shares and 1,075,200,000 Underlying Shares (L) (Note 1)	18.82%(L)
Osborne	Beneficial owner	1,099,922,000 Shares (L) (Note 2)	15.32%(L)
Mrs. Chan, Selma	Family interest of controlled corporation	1,099,922,000 Shares (L) (Note 3)	15.32%(L)
CTF	Beneficial owner	58,000,000 Shares and 500,000,000 option shares (L) (Note 4)	7.77%(L)
Dato' Dr. Cheng Yu-Tung, DPMS, LLD(Hon), DBA(Hon), DSSc(Hon) ("Dr. Cheng")	Interest in a controlled corporation	58,000,000 Shares and 500,000,000 option shares (L) (Note 5)	7.77%(L)
Galaxy Asset Management (H.K.) Limited	Investment manager	552,364,000 Shares (L) 571,408,000 Shares (S)	7.69%(L) 7.96%(S)
Mr. Luk Wing Kwong, Quintin	Beneficial owner	388,000,000 Shares(L)	5.40%(L)

Notes:

1. These Shares and Underlying Shares were held by J. Thomson, a company wholly and beneficially owned by Mr. Leung. The Underlying Shares were derived from interest of the Convertible Bonds in the principal amount of HK\$161,280,000 held by J. Thomson.
2. These Shares were held by Osborne, a company wholly and beneficially owned by Mr. Chan.
3. These were the same Shares held by Osborne. As Mrs. Chan, Selma is the spouse of Mr. Chan, she is deemed to have interests in the Shares held by Osborne, which is wholly and beneficially owned by Mr. Chan.
4. On 29 September 2008, the Company granted options to CTF for the subscription of 500,000,000 new shares at a subscription price of HK\$0.27 per new share pursuant to a resolution passed by the shareholders of the Company on 25 August 2008.
5. These were the same Shares held by CTF which is wholly and beneficially owned by Dr. Cheng.

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

Save as disclosed above, as at 30 September 2008, the Company had not been notified of any other person (other than the Directors or chief executives of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which were required to be kept under Section 336 of the SFO.

COMPETING INTERESTS

None of the Directors or the management shareholders of the Company or their respective associates (as defined in the GEM Listing Rules) had an interest in a business which competes or may compete with the business of the Group during the six months ended 30 September 2008.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 September 2008, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the shares of the Company.

CORPORATE GOVERNANCE

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices under Appendix 15 to the GEM Listing Rules throughout the six months ended 30 September 2008 with the exception of code provision A.2.1 in respect of the separation of the roles of chairman and chief executive officer. Mr. Chan is the chairman of the Board. He was also the chief executive officer of the Group before 5 June 2008. The Board considers that the arrangement enables an efficient implementation of the Board's decision. Since the Board has reserved the decision-making authorities on major matters, the Board believes that the balance of power between the Board and the management has not been impaired.

As the Group had successfully expanded its investment and business into the gold mining sector in the PRC, the Board appointed Mr. Lee as the chief executive officer of the Group on 5 June 2008.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of the Directors, all Directors have confirmed that they had complied with the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules during the six months ended 30 September 2008 except that Mr. Chan has inadvertently and unintentionally disposed of 26,000,000 Shares held by Osborne, a company wholly and beneficially owned by him, to independent third parties on the Stock Exchange on 2 June 2008, which was in breach of Rule 5.56 of the GEM Listing Rules.

In consideration of the above non-compliance, the Company has explained to the Directors the standard and requirements to be complied with in securities dealings to ensure no recurrence of such non-compliance and in addition to the requirements as set out in Rules 5.61 and 5.62 of the GEM Listing Rules, the written acknowledgement from the chairman of the Board or a director designated by the Board will have to be endorsed by the company secretary of the Company before any such directors' dealings.

AUDIT COMMITTEE

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

The Audit Committee provides a link between the Board and the Company's external auditors in matters falling within the scope of the Group's audit, reviews the Company's annual report, half-yearly report and quarterly reports and provides advice and comments thereon to the Board, supervises the financial reporting process and internal control procedures of the Group and, monitors relationship with the Company's external auditors. The Audit Committee comprises three independent non-executive Directors, namely, Ms. Chan Yi Man, Magdalen, Mr. Wong Ka Hung, Frederic and Mr. Cheung Wing Ping, who is the chairman of the Audit Committee. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed financial reporting matters including a review of the unaudited condensed consolidated financial statements for the six months ended 30 September 2008.

By order of the Board

Grand T G Gold Holdings Limited

Lee Sing Leung, Robin

Vice-Chairman & Chief Executive Officer

Hong Kong, 13 November 2008

As at the date of this report, the executive Directors of the Company are Mr. Chan Hing Yin, Mr. Lee Sing Leung, Robin, Mr. Leung Heung Ying, Alvin and Mr. Wong Kin Yick, Kenneth, and the independent non-executive Directors of the Company are Ms. Chan Yi Man, Magdalen, Mr. Cheung Wing Ping, and Mr. Wong Ka Hung, Frederic.