

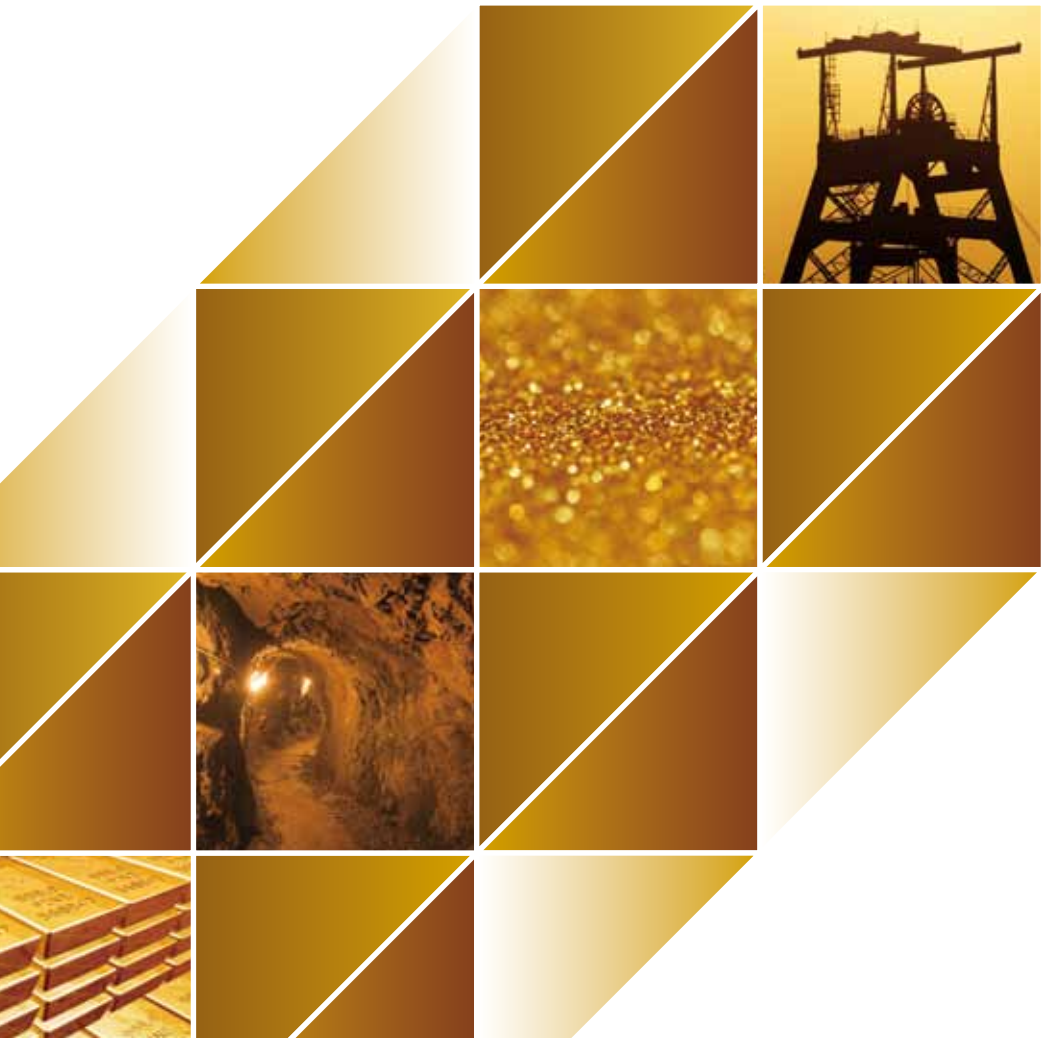


Grand T G
Gold Holdings Ltd.

Grand T G Gold Holdings Limited 大唐滙金控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code : 8299)

First Quarterly Report 2009



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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 (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.

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 three months ended 30 June 2009, together with the comparative unaudited figures for the three months ended 30 June 2008 (the "Corresponding Period"), as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		(Unaudited) Three months ended 30 June	
	Note	2009 HK\$'000	2008 HK\$'000
Revenue	3	11,512	65,424
Cost of sales		(10,997)	(45,716)
Gross profit		515	19,708
Other income	5	1,678	91
Selling and distribution expenses		(51)	(398)
Administrative expenses		(10,015)	(5,973)
Operating (loss)/profit	6	(7,873)	13,428
Finance costs	7	(12,619)	(4,566)
(Loss)/profit before taxation		(20,492)	8,862
Taxation	8	(13)	(51)
(Loss)/profit for the period		(20,505)	8,811
Attributable to:			
Equity holders of the Company		(20,671)	5,071
Minority interests		166	3,740
(Loss)/profit for the period		(20,505)	8,811
Dividends	9	-	-
		HK Cents	HK Cents
(Loss)/earnings per share	10		
Basic		(0.84)	0.47
Diluted		N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	(Unaudited) Three months ended 30 June	
	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
(Loss)/profit for the period	(20,505)	8,811
Other comprehensive income:		
Exchange differences arising from translation of financial statements of overseas subsidiaries	334	607
Total comprehensive income for the period	(20,171)	9,418
Total comprehensive income attributable to:		
Equity holders of the Company	(20,337)	5,678
Minority Interests	166	3,740
	(20,171)	9,418

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

I. 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 AND SIGNIFICANT ACCOUNTING POLICIES

The unaudited consolidated results for the three months ended 30 June 2009 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") 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 consolidated results are consistent with those followed in the annual financial statements for the year ended 31 March 2009.

In the current period, the Group has adopted all the new and amended HKFRSs which are first effective on 1 January 2009 and relevant to the Group. The adoption of new and amended HKFRSs had no material effect on how the unaudited consolidated results for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment is required.

The Group has not early adopted the following HKFRSs that have been issued but are not yet effective:

HKFRSs (Amendments)	Improvements to HKFRSs ¹
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ²
HKAS 39 (Amendment)	Eligible hedged items ²
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards ²
HKFRS 3 (Revised)	Business Combination ²
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners ²
HK(IFRIC) – Int 18	Transfer of Assets from Customers ²
HK(IFRIC) – Int 9 and HKAS 39 (Amendment)	Embedded Derivatives ³

¹ Stated in the specific HKFRSs

² Effective for annual periods beginning on or after 1 July 2009

³ Effective for annual periods beginning on or after 30 June 2009

The directors of the Company anticipate that the application of these HKFRSs will have no material impact on the results and financial position of the Group.

3. REVENUE

Revenues recognized in the periods are as follows:

	(Unaudited) Three months ended 30 June	
	2009	2008
	HK\$'000	HK\$'000
Gold Mining Division	4,604	25,454
PC Component Division	6,908	39,970
Total revenue	11,512	65,424

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)							
	Three months ended 30 June							
	Gold Mining		PC Component		Corporate		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:								
Sales to external customers	4,604	25,454	6,908	39,970	–	–	11,512	65,424
Gross profit/(loss) before amortisation and depreciation	2,883	15,543	(114)	4,165	–	–	2,769	19,708
Amortisation and depreciation	(1,337)	(1,425)	(994)	(1,057)	(24)	–	(2,355)	(2,482)
	1,546	14,118	(1,108)	3,108	(24)	–	414	17,226
Other income	1,657	–	21	91	–	–	1,678	91
Operating expenses	(1,440)	(797)	(2,201)	(2,287)	(6,324)	(805)	(9,965)	(3,889)
Segment results	1,763	13,321	(3,288)	912	(6,348)	(805)	(7,873)	13,428
Finance costs							(12,619)	(4,566)
(Loss)/profit before taxation							(20,492)	8,862
Taxation							(13)	(51)
(Loss)/profit for the period							(20,505)	8,811

Secondary reporting format – geographical segments

	(Unaudited)	
	Three months ended 30 June	
	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment revenue by location of customers		
PRC, excluding Hong Kong and Taiwan	7,417	38,088
Taiwan	969	18,643
Hong Kong	545	796
Singapore	691	1,314
Australia	74	578
Other Asia – Pacific regions	1,811	5,382
Europe	5	63
Other regions	–	560
	11,512	65,424

5. OTHER INCOME

	(Unaudited)	
	Three months ended 30 June	
	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest income	–	1
Sundry income	1,678	90
	1,678	91

6. OPERATING (LOSS)/PROFIT

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

	(Unaudited)	
	Three months ended 30 June	
	2009	2008
	HK\$'000	HK\$'000
Cost of inventories sold	8,743	45,716
Amortisation of intangible assets	1,266	1,377
Amortisation of land lease premium	9	9
Depreciation	1,080	1,096
Loss/(Gain) on disposal of property, plant and equipment	290	(10)
Operating lease rentals in respect of land and buildings	678	324
Research and development cost	–	265
Staff costs including directors' emoluments	5,294	3,917

7. FINANCE COSTS

	(Unaudited)	
	Three months ended 30 June	
	2009	2008
	HK\$'000	HK\$'000
Amortisation of convertible bonds	10,487	3,764
Interest on loans and bank overdrafts	1,350	280
Interest on promissory notes	782	522
	12,619	4,566

8. TAXATION

	(Unaudited)	
	Three months ended 30 June	
	2009	2008
	HK\$'000	HK\$'000
Overseas taxation	–	32
Deferred taxation	13	19
	13	51

No provisions for Hong Kong profits tax has been made as the Group had no assessable profits for the period (three months ended 30 June 2008: Nil).

Overseas taxation represents tax charges on the estimated assessable profits of subsidiaries operating overseas including Singapore and 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.

9. DIVIDENDS

The Board does not recommend the payment of any dividend for the three months ended 30 June 2009 (three months ended 30 June 2008: 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)	
	Three months ended 30 June	
	2009	2008
	HK\$'000	HK\$'000
(Loss)/profit attributable to equity holders of the Company	(20,671)	5,071
Amortisation of convertible bonds	10,487	3,764
Earnings for the purpose of diluted earnings per share	(10,184)	8,835
	Number of shares	
Weighted average number of ordinary shares in issue	2,466,297,599	1,084,960,500
Effective of diluted weighted average of ordinary shares on conversion of convertible bonds	895,608,000	467,287,710
Weighted average number of ordinary shares for calculation of diluted (loss)/earnings per share	3,361,905,599	1,552,248,210

(note)

Note: The above weighted average number of ordinary shares for calculation of the basic and diluted earnings per share for the three months ended 30 June 2008 have been adjusted to take into account of the consolidation of four existing shares into one consolidated share of the Company as approved by the shareholders of the Company at an extraordinary general meeting on 4 May 2009.

No diluted (loss)/earnings per share have been presented for the three months ended 30 June 2009 and 2008 as the effect of the assumed conversion of all dilutive potential ordinary shares outstanding during the periods were anti-dilutive.

11. MOVEMENT OF RESERVES

	Share premium	Exchange reserve	Capital reserve	Revaluation reserve	Statutory surplus reserve	Statutory welfare fund	Statutory general reserve	Retained profits/ (Accumulated losses)	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
For the three months ended											
30 June 2009 (Unaudited)											
At 1 April 2009	796,104	2,566	186,187	7,797	325	162	485	(65,693)	927,933	2,249	930,282
Exchange differences arising from translation of financial statements of overseas subsidiaries	-	334	-	-	-	-	-	-	334	-	334
Loss for the period	-	-	-	-	-	-	-	(20,671)	(20,671)	166	(20,505)
Total comprehensive income for the period	-	334	-	-	-	-	-	(20,671)	(20,337)	166	(20,171)
Issue of shares	62,263	-	-	-	-	-	-	-	62,263	-	62,263
At 30 June 2009	858,367	2,900	186,187	7,797	325	162	485	(86,364)	969,859	2,515	972,374
For the three months ended											
30 June 2008 (Unaudited)											
At 1 April 2008	98,045	2,147	13,463	10,480	325	162	485	26,686	151,793	-	151,793
Exchange differences arising from translation of financial statements of overseas subsidiaries	-	607	-	-	-	-	-	-	607	-	607
Profit for the period	-	-	-	-	-	-	-	5,071	5,071	3,740	8,811
Total comprehensive income for the period	-	607	-	-	-	-	-	5,071	5,678	3,740	9,418
Acquisition of interests in subsidiaries	-	-	-	-	-	-	-	-	-	10,226	10,226
Issue of Convertible Bonds	-	-	30,793	-	-	-	-	-	30,793	-	30,793
Issue of shares	205,903	-	-	-	-	-	-	-	205,903	-	205,903
At 30 June 2008	303,948	2,754	44,256	10,480	325	162	485	31,757	394,167	13,966	408,133

12. COMPARATIVE FIGURES

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

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the three months ended 30 June 2009, the Group recorded a total revenue of HK\$11,512,000, representing a decrease of approximately 82.4% from that of HK\$65,424,000 in the Corresponding Period. The loss attributable to equity holders of the Company for the period under review was HK\$20,671,000 as compared to a profit of HK\$5,071,000 in the Corresponding Period.

Gold Mining Division

During the period, this business division recorded a turnover of approximately HK\$4.6 million with a gross profit before amortisation and depreciation of approximately HK\$2.9 million and a segment profit of approximately HK\$1.8 million.

PC Component Division

Due to the global financial turmoil and the economic downturn, turnover of this business segment was decreased by 82.7% to approximately HK\$6.9 million. Its segment result dropped by HK\$4.2 million to a loss of approximately HK\$3.3 million.

Business Review and Prospect

Due to the global financial turmoil and the economic downturn, the performance of the PC Component Division had been adversely affected. This together with the need of upgrading the mining and milling facilities and the reorganisation of the corporate and management structure of the Gold Mining Division, the Group recorded an unaudited consolidated loss of approximately HK\$20.5 million for the three months ended 30 June 2009.

The Board believes that the demand for personal computer products will continue to be significantly depressed as the global financial turmoil persists. As such, the Group will scale down the operation of the PC Component Division and streamline it in order to minimize the loss of this division.

Contrary to the PC Component Division, the Board is optimistic about the future of its Gold Mining Division. The Board believes that the upgrading of the mining and milling facilities and the reorganisation of the corporate and management structure of the Gold Mining Division (if successfully completed) will in the long run benefit the Group as reflected in the Group's profitability and the performance of the shares of the Company. The Board will closely monitor their development. In addition, subsequent to the outbreak of the global financial turmoil in September 2008, international gold price has picked up an upward trend again since November 2008. Fear of future inflation and ongoing financial uncertainty have also seen investors seek out gold for wealth preservation. In the first quarter of 2009, total demand for gold rose 38% year on year to 1,016 tonnes globally. China's economy remained strong relative to most other countries in the current global financial turmoil and the economic downturn. China recorded a positive 3% growth in gold jewelry demand in the first quarter of 2009, and has further increased its gold holdings by more than 75% to 1,054 tonnes. These are evidence of the growing recognition of gold's growing prominence in providing stability in the uncertain financial markets as a reserve asset as well as in investment markets. It has been forecasted that the global investment demand for gold this year will exceed 1,500 tonnes or approximately US\$47 billion, in the process carrying the gold price to new peaks in the second half of 2009. As such, the Group will continue to focus on its gold mining business. Apart from adopting the following strategies, the Group will strive for early completion of its existing works of upgrading the mining and milling facilities and the reorganisation of the corporate and management structure of the Gold Mining Division so as to maximize the benefit from the opportunity arising from the present financial turmoil:

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

Share Capital

Share Consolidation

Resolution approving the share consolidation was passed by the shareholders of the Company at an extraordinary general meeting on 4 May 2009, whereby every four existing shares of HK\$0.001 par value each in the issued and unissued share capital of the Company into one consolidated share of HK\$0.004 par value each (the "Consolidated Share") in the issued and unissued share capital of the Company (the "Share Consolidation"). Following the Share Consolidation becoming effective on 4 May 2009, the authorized share capital of the Company has become HK\$20 million divided into 5 billion Consolidated Shares, of which 2,067,396,500 Consolidated Shares were in issue before placing of new shares by the Company as mentioned below. Details of the Share Consolidation are set out in the Company's circular dated 16 April 2009.

Share Placement

On 7 May 2009, a placing of total of 2,640,000,000 new shares of the Company (before Share Consolidation) at HK\$0.025 per share was completed, raising gross and net proceeds of HK\$66 million and approximately HK\$64.71 million respectively. Details of the placing of shares are set out in the Company's circular dated 9 April 2009.

SHARE OPTION SCHEME

At an extraordinary general meeting of the shareholders of the Company held on 4 March 2009, the original share option scheme (the "Original Share Option Scheme") was terminated and a new share option scheme (the "New Share Option Scheme") was adopted. Principal terms of the Original Share Option Scheme were summarised in the paragraph headed "Share Option Scheme" in Appendix 5 to the prospectus issued by the Company on 14 September 2004 whereas the principal terms of the New Share Option Scheme were summarised in circular of the Company dated 16 February 2009. As at 30 June 2009, no option was granted under the Original Share Option Scheme or the New Share Option Scheme.

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

As at 30 June 2009, the interests and short positions of the Directors and chief executives of the Company in the shares of the Company ("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	362,430,000 Shares and 403,200,000 Underlying Shares (Note 1)	28.07%
Mr. Chan Hing Yin ("Mr. Chan")	Interest in a controlled corporation	274,980,500 Shares (Note 2)	10.08%
Mr. Wong Kin Yick, Kenneth ("Mr. Wong") (Resigned on 17 July 2009)	Interest in a controlled corporation	65,000,000 Underlying Shares (Note 3)	2.38%
Mr. Zhao Baolong, Bill (Resigned on 17 July 2009)	Personal interest	640,000 Shares	0.02%

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 Osborne Pacific Limited ("Osborne") which is wholly and beneficially owned by Mr. Chan.
3. 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 June 2009, 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 DIVISION 2 AND 3 OF PART XV OF THE SFO AND SUBSTANTIAL SHAREHOLDING

Name	Nature of interest	Number and class of securities	Approximate % of the issued share capital of the Company
Chow Tai Fook Nominee Limited ("CTF")	Beneficial owner	177,000,000 Shares and 125,000,000 option shares (Note 1)	11.07%
Dato' Dr. Cheng Yu-Tung, DPMS, LLD(Hon), DBA(Hon), DSSc(Hon) ("Dr. Cheng")	Interest in a controlled corporation	177,000,000 Shares and 125,000,000 option shares (Note 2)	11.07%

Name	Nature of interest	Number and class of securities	Approximate % of the issued share capital of the Company
Osborne	Beneficial owner	274,980,500 Shares (Note 3)	10.08%
Mrs. Chan, Selma	Family interest of controlled corporation	274,980,500 Shares (Note 4)	10.08%
Mr. Luk Wing Kwong Quintin ("Mr. Luk")	Personal interest	150,000,000 Underlying Shares (Note 5)	5.50%

Notes:

- On 29 September 2008, the Company granted options to CTF for the subscription of 500,000,000 new shares of HK\$0.001 par value each (the "Old Shares") at a subscription price of HK\$0.27 per new Old Share pursuant to a resolution passed by the shareholders of the Company on 25 August 2008. The exercise price and the number of option shares that may be subscribed by CTF have been adjusted as a result of the share consolidation of four Old Shares into one Share effective on 4 May 2009.
- These were the same Shares and option shares held by CTF, which is wholly and beneficially owned by Dr. Cheng.
- These Shares were held by Osborne, a company wholly and beneficially owned by Mr. Chan.
- 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.
- These Underlying Shares were derived from interest of the Convertible Bonds in the principal amount of HK\$90,000,000 held by Mr. Luk.

Save as disclosed above, as at 30 June 2009, 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 three months ended 30 June 2009.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the three months ended 30 June 2009, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the shares of the Company.

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, Dr. Cheung Wai Bun, Charles *J.P.*, Mr. Jiao Zhi and Mr. Orr Joseph Wai Shing, 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 consolidated results of the Group for the three months ended 30 June 2009.

By Order of the Board
Grand T G Gold Holdings Limited
Lee Sing Leung, Robin
Executive Director

Hong Kong, 11 August 2009

As at the date of this report, the executive directors of the Company are Mr. Lee Shing, Mr. Lee Sing Leung, Robin, Ms. Kwok Tai Pan and Mr. Chan Hing Yin and the independent non-executive directors of the Company are Mr. Orr Joseph Wai Shing, Mr. Jiao Zhi and Dr. Cheung Wai Bun, Charles J.P.