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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)**

### **SUBSCRIPTION OF NEW SHARES UNDER A SPECIFIC MANDATE**

On 11 August 2009, the Company entered into the Subscription Agreement with the Subscriber whereby the Company conditionally agreed to allot and issue and the Subscriber conditionally agreed to subscribe for 72,000,000 Subscription Shares at the Subscription Price of HK\$0.07 per new Share.

The Subscription Price represents:

- (i) a discount of approximately 51.72% to the closing price of HK\$0.1450 per Share as quoted on the Stock Exchange on 11 August 2009, being the last trading day in the Shares on the Stock Exchange prior to the publication of this announcement;
- (ii) a discount of approximately 51.66% to the average closing price per Share as quoted on the Stock Exchange of approximately HK\$0.1448 for the past 5 trading days up to and including 11 August 2009; and
- (iii) a discount of approximately 52.99% to the average closing price per Share as quoted on the Stock Exchange of approximately HK\$0.1489 for the past 10 trading days up to and including 11 August 2009.

\* For identification purpose only

The Subscription Shares represent approximately 2.64% of the existing issued share capital of the Company and approximately 2.57% of the issued share capital of the Company as enlarged by the Subscription Shares.

The gross proceeds and net proceeds from the Subscription will be HK\$5.04 million and approximately HK\$4.97 million respectively. The Company intends to apply the net proceeds as general working capital and/or for the development of the Company's gold business and/or any other new investment project which may be identified by the Company from time to time. The exact allocation of the net proceeds from the Subscription among the aforesaid proposed uses has not been fixed by the Company as at the date of this announcement.

## **THE SUBSCRIPTION AGREEMENT**

On 11 August 2009, the Company entered into the Subscription Agreement with the Subscriber whereby the Company conditionally agreed to allot and issue and the Subscriber conditionally agreed to subscribe for 72,000,000 Subscription Shares at the Subscription Price of HK\$0.07 per new Share.

### **Subscription Price**

The Subscription Price is HK\$0.07 per Subscription Share which was arrived at after arm's length negotiations after taking into consideration that the Subscriber is a fund managed by Baker Steel. Baker Steel is a consultant of the Group. In consideration of Baker Steel agreeing to be a consultant of the Group and the services to be provided by it, the Company conditionally agreed to enter into the Subscription Agreement.

The Subscription Price represents:

- (i) a discount of approximately 51.72% to the closing price of HK\$0.1450 per Share as quoted on the Stock Exchange on 11 August 2009, being the last trading day in the Shares on the Stock Exchange prior to the publication of this announcement;
- (ii) a discount of approximately 51.66% to the average closing price per Share as quoted on the Stock Exchange of approximately HK\$0.1448 for the past 5 trading days up to and including 11 August 2009; and
- (iii) a discount of approximately 52.99% to the average closing price per Share as quoted on the Stock Exchange of approximately HK\$0.1489 for the past 10 trading days up to and including 11 August 2009.

## **The Subscription Shares**

As at the date of this announcement, a total of 2,727,396,500 Shares are in issue. The Subscription Shares to be issued pursuant to the Subscription Agreement upon Completion will amount to 72,000,000 new Shares (with an aggregate nominal value of HK\$288,000), representing approximately 2.64% of the existing issued share capital of the Company and approximately 2.57% of the issued share capital of the Company as enlarged by the Subscription Shares.

The Subscription Shares will be allotted and issued under a specific mandate and will be subject to the Shareholders' approval at an extraordinary general meeting of the Company to allot, issue and deal with up to 72,000,000 new Shares.

Based on the estimated expenses of approximately HK\$70,000 for the Subscription, the gross proceeds and net proceeds from the Subscription will be HK\$5.04 million and approximately HK\$4.97 million respectively. On that basis, the net price per Subscription Share is approximately HK\$0.069.

## **Lock-up period**

The Subscription Shares are subject to a lock-up period of 3 months from the date of Completion.

## **Conditions of the Subscription Agreement**

Completion is conditional upon:

- (a) the GEM Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Subscription Shares;
- (b) the Company obtaining all consents and approvals from the relevant authorities in respect of the transactions contemplated under the Subscription Agreement, if applicable; and
- (c) the passing by the Shareholders at an extraordinary general meeting an ordinary resolution of the Company approving the Subscription Agreement and the transactions contemplated hereunder.

The Company shall use its reasonable endeavours to ensure that the conditions precedent of the Subscription Agreement are fulfilled on or before the Long Stop Date.

If the conditions precedent of the Subscription Agreement are not fulfilled (which cannot be waived) on or before the Long Stop Date or such other date as the Company and the Subscriber shall mutually agree in writing, the Subscription Agreement will in fact cease and determine and none of the Company and the Subscriber shall have any claim against the others for costs, damages, compensation or otherwise, save for any claim arising from any antecedent breach of the terms under the Subscription Agreement.

## **Completion**

Completion shall take place within five Business Days after the fulfilment of the aforesaid conditions, or at such other time and date as the Company and the Subscriber may agree upon.

## **Ranking and rights of the Subscription Shares**

The Subscription Shares, when issued, will rank pari passu in all respects with all existing Shares on the date of Completion.

## **Application for listing**

Application will be made by the Company to the GEM Listing Committee for granting the listing of, and permission to deal in, the Subscription Shares.

## **REASONS FOR THE SUBSCRIPTION AND THE USE OF PROCEEDS**

Baker Steel is a consultant of the Group in respect of the reorganization and future business, development and marketing plan of the gold business of the Group. In consideration of Baker Steel agreeing to be a consultant of the Group and the services to be provided by it, the Company conditionally agreed to enter into the Subscription Agreement as this will allow the Group to leverage on the extensive experience and expertise of Baker Steel which will be beneficial to the Group. The Company also considers the Subscription as an opportunity to raise additional capital for the Group thus strengthening its financial position. The gross and net proceeds of the Subscription will be approximately HK\$5.04 million and approximately HK\$4.97 million respectively. The Company intends to apply the net proceeds as general working capital and/or for the development of the Company's gold business and/or any other new investment project which may be identified by the Company from time to time. The exact allocation of the net proceeds from the Subscription among the aforesaid proposed uses has not been fixed by the Company as at the date of this announcement.

## **BACKGROUND OF THE SUBSCRIBER AND BAKER STEEL**

The Subscriber is a fund incorporated in the Cayman Islands and managed by Baker Steel. Baker Steel is a specialist investment manager in natural resources and gold. It was established in 2001 by a team of investment professionals with a wealth of award-winning investment management expertise. Baker Steel manages substantial assets on behalf of a broad range of financial institutions, wealth managers and professional investors and has gained over the years a reputation as dedicated specialist delivering investment performance in the global natural resources and gold sectors.

Baker Steel researches and models hundreds of gold mines worldwide and evaluates gold mining companies in a value-oriented and fundamentals-based investment process. It operates several funds of around US\$600 million with head office in London and branch in Sydney for investing in the gold, precious metals, mining and natural resources sectors.

Save as the aforesaid, to the best knowledge of the Board and having made all reasonable enquiries, Baker Steel, the Subscriber and its ultimate beneficial owner(s) are Independent Third Parties and not connected with any of the Directors, chief executives, substantial shareholders and management shareholders of the Company, or any of its subsidiaries or their respective associates (as defined in the GEM Listing Rules).

## CHANGES IN SHARE CAPITAL AND SHAREHOLDING STRUCTURE

The share capital and shareholding structure of the Company as at the date of this announcement and after the Completion (assuming no new Shares are issued before the Completion) are as follows:

	As at the date of this announcement		Immediately after the Completion	
	<i>Number of Shares</i>	<i>Approximate % of shareholding</i>	<i>Number of Shares</i>	<i>Approximate % of shareholding</i>
<b>Non-public Shareholders</b>				
Yong Li Investments Limited <i>(Note 1)</i>	312,000,000	11.44	312,000,000	11.15
Lee Sing Leung, Robin <i>(Note 2)</i>	430,000	0.02	430,000	0.02
Osborne Pacific Limited <i>(Note 3)</i>	<u>274,980,500</u>	<u>10.08</u>	<u>274,980,500</u>	<u>9.82</u>
Sub-total	587,410,500	21.54	587,410,500	20.99
<b>Public Shareholders</b>				
The Subscriber	–	–	72,000,000	2.57
Other public Shareholders	<u>2,139,986,000</u>	<u>78.46</u>	<u>2,139,986,000</u>	<u>76.44</u>
	<u><u>2,727,396,500</u></u>	<u><u>100.00</u></u>	<u><u>2,799,396,500</u></u>	<u><u>100.00</u></u>

Notes:

1. Yong Li Investments Limited is wholly-owned by Mr. Lee Shing, an executive Director.
2. Mr. Lee Sing Leung, Robin is an executive Director.
3. Osborne Pacific Limited is wholly-owned by Mr. Chan Hing Yin, an executive Director.

## FUND RAISING ACTIVITIES OF THE COMPANY

The following table summaries the capital raising activities of the Group for the 12 months immediately before the date of this announcement:

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds as at the date of this announcement
1 September 2008	Subscription of 214,256,000 new Unconsolidated Shares at HK\$0.07 per Unconsolidated Share	HK\$14.2 million	As general working capital and/or for the development of the Company's new business venture in gold industry and/or any other new investment project which may be identified by the Company from time to time	HK\$14.2 million used as general working capital of the Group
29 October 2008	Subscription of 237,500,000 new Unconsolidated Shares at HK\$0.072 per Unconsolidated Share with 712,500,000 bonus Unconsolidated Shares	HK\$16.50 million	As general working capital and/or for the development of the Company's new business venture in gold industry and/or any other new investment project which may be identified by the Company from time to time	HK\$16.50 million used as general working capital of the Group
18 March 2009	Placing of 2,640,000,000 new Unconsolidated Shares at HK\$0.025 per Unconsolidated Share	HK\$64.71 million	As general working capital and/or for the development of the Company's new business venture in gold industry and/or any other new investment project which may be identified by the Company from time to time	HK\$57.71 million used as general working capital of the Group. Remaining HK\$7 million is placed with bank

## GENERAL

The Group is principally engaged in gold exploration, mining and mineral processing in the PRC. It also involves in the design, manufacture and distribution of desktop personal computer display cards business. Upon completion of the Subscription Agreement, the exercise price and the number of Shares to be issued pursuant to the Convertible Bonds will be adjusted in accordance with the terms and conditions of the Convertible Bonds. Such adjustments will be reviewed and certified by an independent accountant or an independent investment bank to be appointed and approved by the holders of Convertible Bonds (as appropriate) and the Company will publish the adjustments in due course.

**Completion of the Subscription is subject to the satisfaction of the conditions precedent in the Subscription Agreement. As the Subscription may or may not proceed and are subject to Shareholders' approval, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

## DEFINITIONS

“Baker Steel”	Baker Steel Capital Managers LLP;
“Board”	the board of Directors;
“Business Day”	means a day (other than Saturday and days on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks are open in Hong Kong for general business;
“Completion”	completion of the Subscription pursuant to the Subscription Agreement;
“Company”	Grand T G Gold Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on GEM;
“connected persons”	has the same meaning ascribed to it under the GEM Listing Rules;
“Convertible Bonds”	the convertible bonds due 2013 in the principal amount of HK\$806,400,000 issued by the Company as more particularly described in the circular of the Company dated 28 March 2008;
“Directors”	the directors of the Company;

“GEM”	the Growth Enterprise Market of the Stock Exchange;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange;
“GEM Listing Committee”	the listing subcommittee of the board of the Stock Exchange which is responsible for GEM;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons of the Company in accordance with the GEM Listing Rules;
“Long Stop Date”	31 October 2009 (or such other date as the parties of the Subscription Agreement may agree), being the long stop date of the Subscription Agreement;
“PRC”	The People’s Republic of China;
“Share(s)”	ordinary share(s) of HK\$0.004 each in the share capital of the Company;
“Shareholder(s)”	the holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscriber”	Genus Natural Resources Master Fund;
“Subscription”	subscription of the Subscription Shares by the Subscriber pursuant to the Subscription Agreement at the Subscription Price;
“Subscription Agreement”	the conditional subscription agreement dated 11 August 2009 entered into between the Company and the Subscriber in relation to the subscription of 72,000,000 new Shares subject to the terms and conditions contained therein;

“Subscription Price”	HK\$0.07 per Subscription Share;
“Subscription Share(s)”	72,000,000 new Shares in aggregate to be issued by the Company to the Subscriber pursuant to the Subscription Agreement upon Completion;
“Unconsolidated Share(s)”	ordinary shares of HK\$0.001 each in the capital of the Company prior to consolidation of the shares of the Company, details of which were disclosed in the circular of the Company dated 16 April 2009, becoming effective on 4 May 2009;
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong; and
“%”	per cent.

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 announcement, 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..*

*This announcement, for which the directors of 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 (“GEM”) of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company.*

*The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this announcement 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 announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

*This announcement will remain on the “Latest Company Announcements” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least seven days from the date of its publication and on the website of the Company at <http://www.aplushk.com/clients/8299GrandTG/>*