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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)

DISCLOSEABLE TRANSACTION IN RESPECT OF ACQUISITION OF HENAN HONGNAN MINING COMPANY LIMITED

FRAMEWORK AGREEMENT

On 8 February 2010 after the trading hours of the Stock Exchange, the Company entered into the Framework Agreement with the Vendors to acquire 100% equity interest in the Target Company by two stages, i.e. the First Acquisition and the Second Acquisition.

In the First Acquisition, the Vendors conditionally agreed to sell and the Company conditionally agreed to purchase 60% equity interest in the Target Company and the Company shall procure its designated subsidiary to enter into a transfer document in respect of the aforesaid with the Vendors within 6 months from the date of the Framework Agreement.

The consideration for the First Acquisition is HK\$18.6 million, of which HK\$4.8 million shall be satisfied by cash and the balance of HK\$13.8 million by the issuance of 43,125,000 Consideration Shares, credited as fully paid, at the Issue Price by the Company or such other payment method allowable under the PRC laws.

In the Second Acquisition, the Vendors conditionally agreed to sell and the Company conditionally agreed to purchase the remaining 40% equity interest in the Target Company and the Company shall procure its designated subsidiary to enter into a transfer document in respect of the aforesaid with the Vendors within 12 months from the date of completion of the First Acquisition.

* For identification purpose only

The consideration for the Second Acquisition shall be determined and calculated according to the gold reserve and resources of the Target Company resulting from an exploration program and satisfied by the issuance of Consideration Shares, credited as fully paid, at the Issue Price by the Company or such other payment method allowable under the PRC laws provided that the Target Company successfully obtains:

- (i) all the necessary government approvals for building of a milling plant; and
- (ii) a mining licence for the area covered by the Exploration Permit.

Based on the relevant percentage ratio calculations under the GEM Listing Rules, the Acquisitions constitute a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and are subject to the notification and announcement requirements under the GEM Listing Rules.

Further to the announcement of the Company dated 7 September 2009 in respect of the MOU, the Board is pleased to announce that the Company has entered into the Framework Agreement with the Vendors to acquire 100% equity interest in the Target Company by two stages, i.e. the First Acquisition and the Second Acquisition.

FRAMEWORK AGREEMENT

Date 8 February 2010 (after the trading hours of the Stock Exchange)

Parties Mr. Yu Hengbin and Ms. Liu Yu Xiang as the Vendors

The Company as the Purchaser

To the best of the knowledge, information and belief having made all reasonable enquiries by the Directors, the Vendors and the Target Company are third parties independent of both the Company and its connected persons in accordance with the GEM Listing Rules.

First Acquisition the Vendors conditionally agreed to sell and the Company conditionally agreed to purchase 60% equity interest in the Target Company and the Company shall procure its designated subsidiary to enter into a transfer document in respect of the aforesaid with the Vendor within 6 months from the date of the Framework Agreement

Second Acquisition the Vendor conditionally agreed to sell and the Company conditionally agreed to purchase the remaining 40% equity interest in the Target Company and the Company shall procure its designated subsidiary to enter into a transfer document in respect of the aforesaid with the Vendor within 12 months from the date of completion of the First Acquisition

Assets acquired

First Acquisition: 60% equity interest in the Target Company

Second Acquisition: 40% equity interest in the Target Company

Consideration

First Acquisition: HK\$18.60 million, of which HK\$4.80 million shall be satisfied by cash and the balance of HK\$13.80 million by the issuance of 43,125,000 Consideration Shares, credited as fully paid, at the Issue Price by the Company or such other payment method allowable under the PRC laws.

Second Acquisition: The consideration for the Second Acquisition shall be determined and calculated according to the gold reserve and resources of the Target Company resulting from an exploration program as follows:

Gold reserve and re-resources of the Target Company (tonnes)	Consideration for the Second Acquisition (HK\$ million)	No. of Consideration Shares (million)
2.5 or above	12.4	38.75
3.0 or above	14.0	43.75
4.0 or above	15.6	48.75
5.0 or above	17.2	53.75
6.0 or above	18.8	58.75
7.0 or above	20.4	63.75
8.0 or above	22.0	68.75
9.0 or above	23.6	73.75
10.0 or above	25.2	78.75

The consideration for the Second Acquisition shall be satisfied by the issuance of Consideration Shares, credited as fully paid, at the Issue Price by the Company or such other payment method allowable under the PRC laws provided that the Target Company successfully obtains:

- (i) all the necessary government approvals for building of a milling plant; and
- (ii) a mining licence for the area covered by the Exploration Permit.

The consideration of the Acquisitions was arrived at after arm's length negotiations between the Purchaser and the Vendors. The Consideration was determined with reference to (a) the area covered the Exploration Permit has gold reserve and resources of not less than 2.5 tonnes according to a technical report by No. 2 Geological Brigade of Henan Bureau of Non-ferrous Geological Minerals; (b) unaudited net asset value of approximately RMB9.93 million (equivalent to approximately HK\$11.22 million) of the Target Company as at 31 December 2009; (c) the Consideration Shares will not be subject to any lock up period; (d) as the Group still has to devote additional time and resources in the development of the Target Company, there will be a longer payback period for the Group's investment; and (e) the warranties and undertakings from the Vendors that they shall use their best endeavour to assist the Target Company to obtain all the necessary government approvals for the building of a milling plant and a mining licence for the area covered by the Exploration Permit.

Earnest Money

The Company has paid to the Vendors an earnest money of HK\$4.80 million pursuant to the MOU. The earnest money shall be applied for settlement of the cash consideration in the Acquisitions but shall be refunded to the Company immediately if the Company decides not to proceed with the Acquisitions. The Company has financed the earnest money from its internal resources.

Issue Price

The Issue Price represents:

- (i) a premium of approximately 280.95% to the closing price of HK\$0.0840 per Share as quoted on the Stock Exchange on 8 February 2010, being the last trading day in the Shares on the Stock Exchange prior to the publication of this announcement;
- (ii) a premium of approximately 272.96% to the average closing price per Share as quoted on the Stock Exchange of HK\$0.0858 for the past 5 trading days up to and including 8 February 2010; and
- (iii) a premium of approximately 276.47% to the average closing price per Share as quoted on the Stock Exchange of HK\$0.0850 for the past 10 trading days up to and including 8 February 2010.

Consideration Shares

In respect of the First Acquisition, the Company will allot and issue 43,125,000 Consideration Shares, representing approximately:

- (i) 0.4888% of the existing issued share capital of the Company; and
- (ii) 0.4864% of the issued share capital of the Company as enlarged by the issue of such 43,125,000 Consideration Shares only.

In respect of the Second Acquisition, the Company will acquire the remaining 40% equity interest in the Target Company by allotment and issuance of the Consideration Shares as determined and calculated according to the gold reserve and resources of the Target Company resulting from an exploration program, representing approximately:

Consideration for the Second Acquisition (HK\$ million)	No. of Consideration Shares (million)	Percentage of the existing issued Shares (%)	Percentage of the issued Shares as enlarged by the issue of such Consideration Shares and the Consideration Shares under the First Acquisition (%)
12.4	38.75	0.47	0.46
14.0	43.75	0.53	0.52
15.6	48.75	0.59	0.58
17.2	53.75	0.65	0.64
18.8	58.75	0.71	0.70
20.4	63.75	0.77	0.76
22.0	68.75	0.83	0.82
23.6	73.75	0.89	0.88
25.2	78.75	0.95	0.93

The Consideration Shares will be allotted and issued pursuant to the refreshed general mandate granted to the Directors at the extraordinary general meeting of the Company held on 8 February 2010 granting the Directors the power to allot, issue and deal in up to 1,764,575,140 Shares, representing 20% of the issued share capital of the Company as at that date. Such refreshed general mandate has not been utilized prior to the signing of the Framework Agreement.

An application will be made to the Stock Exchange by the Company for the listing of, and permission to deal in, the Consideration Shares.

Conditions precedent

Completion of the Acquisitions shall be subject to fulfillment of the following conditions precedent:

- (a) obtaining all the necessary approvals from the relevant government authorities in the PRC in respect of the transactions contemplated under the Framework Agreement;
- (b) if applicable, obtaining an approval by the Shareholders at an extraordinary general meeting of the Company in respect of the transactions contemplated under the Framework Agreement;
- (c) the GEM Listing Committee granting the listing of and permission to deal in the Consideration Shares;
- (d) completion of due diligence exercise on the Target Company by the Company and informing the Vendor that the Company is satisfied with the results of the due diligence;
- (e) the Target Company as the legal owner of the Exploration Permit and completion of renewal of the Exploration Permit;

- (f) submission of a SRK report by the Vendors to the satisfaction of the Company confirming that the Exploration Permit validly covers an area of 2.84 km² and has gold reserve and resources of not less than 2.5 tonnes;
- (g) completion of a valuation report by a valuer to be appointed by the Company;
- (h) obtaining of a PRC legal opinion to the satisfaction of the Company;
- (i) the Target Company is free of any debts and any liabilities, and the equity interest of the Target Company shall be free from encumbrance, third party's rights and restrictions; and
- (j) there is no material breach of the undertakings and warranties in the Framework Agreement by the Vendors.

If the above conditions have not been satisfied on or before 7 August 2010, or such later date as the parties may agree, the Framework Agreement shall cease and determine and thereafter neither party shall have any obligations and liabilities toward each other under the Framework Agreement save for any antecedent breaches of the terms of the Framework Agreement. For the avoidance of doubt, none of the above conditions can be waived by the parties of the Framework Agreement.

Management of the Target Company

Upon completion of the First Acquisition, the board of directors of the Target Company shall compose of 3 members, of which 2 members together with the chairman, legal representative and financial controller of the Target Company shall be nominated by the Group and the remaining 1 member shall be nominated by the Vendors.

Upon completion of the Second Acquisition, all board members of the Target Company shall be nominated by the Group.

SHAREHOLDING STRUCTURE

For illustrative purpose, the following table sets out the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately upon completion of the First Acquisition; (iii) immediately upon completion of the Second Acquisition at a consideration of HK\$12.4 million i.e. scenario 1, and at a consideration of HK\$25.2 million, i.e. scenario 2, assuming in the cases of (ii) and (iii), there will be no other changes in the share capital of the Company:

	(i) As at the date of this announcement		(ii) Immediately after completion of the First Acquisition		(iii) Immediately after completion of the Second Acquisition			
	Number of Shares	Approximate % of shareholding	Number of Shares	Approximate % of shareholding	Scenario 1		Scenario 2	
					Number of Shares	Approximate % of shareholding	Number of Shares	Approximate % of shareholding
Non-public Shareholders								
Yong Li Investments Limited (Note 1)	1,472,400,000	16.69	1,472,400,000	16.61	1,472,400,000	16.53	1,472,400,000	16.46
Lee Sing Leung, Robin (Note 2)	71,854,000	0.81	71,854,000	0.81	71,854,000	0.81	71,854,000	0.81
Ma Qian Zhou (Note 3)	169,348,000	1.92	169,348,000	1.91	169,348,000	1.90	169,348,000	1.89
<i>Sub-total</i>	1,713,602,000	19.42	1,713,602,000	19.33	1,713,602,000	19.24	1,713,602,000	19.16
Public Shareholders								
The Vendors	-	-	43,125,000	0.49	81,875,000	0.92	121,875,000	1.36
Other public Shareholders	7,109,273,700	80.58	7,109,273,700	80.18	7,109,273,700	79.84	7,109,273,700	79.48
	8,822,875,700	100.00	8,866,000,700	100.00	8,904,750,700	100.00	8,944,750,700	100.00

Notes:

1. Yong Li Investments Limited is wholly-owned by Mr. Lee Shing, an executive Director and the chairman of the Company.
2. Mr. Lee Sing Leung, Robin is an executive Director and the chief executive officer of the Company.
3. Mr. Ma Qian Zhou (“Mr. Ma”) is a shareholder, director and the general manager of Tongguan Taizhou Mining Company Limited, an indirect non-wholly owned subsidiary of the Company. These Shares are held by Ms. Zhao Yuebing, the spouse of Mr. Ma, and therefore Mr. Ma is deemed to have interests in these Shares.

INFORMATION ON THE TARGET COMPANY

According to the information available to the Company, the Target Company is a company incorporated in Henan Province, the PRC in 2009. Its principal business is investment in non-ferrous metals and development of exploration technology in non-ferrous metal resources. It has a registered capital of RMB10.01 million (equivalent to approximately HK\$11.31 million), which has already been fully paid. According to the unaudited accounts of the Target Company for the period from its date of incorporation to 31 December 2009 prepared under PRC GAAP, the Target Company has not recorded any revenue but has recorded an unaudited loss of approximately RMB83,194 (equivalent to approximately HK\$94,009). As at 31 December 2009, the Target Company has unaudited net assets of approximately RMB9.93 million (equivalent to approximately HK\$11.22 million). The Target Company owns the Exploration Permit which covers an area of approximately 2.84 km² in Henan Province, the PRC. According to a technical report prepared by No. 2 Geological Brigade of Henan Bureau of

Non-ferrous Geological Minerals, the gold reserve and resources of the area covered by the Exploration Permit amount to not less than 2.5 tonnes.

REASONS FOR THE ACQUISITIONS

The Group is principally engaged in gold exploration, mining and mineral processing in the PRC.

As stated in the annual report of the Company for the year ended 31 March 2009 and the interim report of the Company for the six months ended 30 September 2009, one of its business strategies for further development of its gold mining division is to acquire additional exploration and mining rights. The Acquisitions tally with the Group's business strategies and allow the Group to increase its existing gold reserve and resources. This is a good opportunity for the Company to strengthen its gold reserve and resources and to expand its gold mining business to Henan Province, the PRC. The Directors consider that the terms of the Acquisitions are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Upon completion of the First Acquisition, the Target Company shall become an indirect non-wholly owned subsidiary of the Company and its assets and revenues will be consolidated with those of the Group.

In addition to the Target Company, the Group will continue to look for further acquisition opportunities in order to strengthen the gold reserve and resources as well as the strategic position of the Group in Henan Province, Tongguan county of the PRC and overseas. The Group will also streamline its operation and focus its resources and management effort on the gold mining business.

GEM LISTING RULES IMPLICATIONS

Based on the relevant percentage ratio calculations under the GEM Listing Rules, the Acquisitions constitute a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and are subject to the notification and announcement requirements under the GEM Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Acquisitions”	the First Acquisition and the Second Acquisition
“Board”	the board of Directors
“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 the GEM
“Consideration Share(s)”	such new Shares to be issued by the Company for payment of the consideration for the acquisition of equity interest in the Target Company by the Company pursuant to the Framework Agreement

“Directors”	directors of the Company
“Exploration Permit”	a permit for the exploration works of an area of 2.84 km ² in Henan Province, the PRC
“First Acquisition”	the proposed acquisition of 60% equity interest in the Target Company by the Company pursuant to the Framework Agreement
“Framework Agreement”	the framework agreement dated 8 February 2010 entered into by the Company and the Vendors
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	Rules Governing the Listing of Securities on the GEM
“GEM Listing Committee”	the listing subcommittee of the board of the Stock Exchange which is responsible for the GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Issue Price”	HK\$0.32 per Consideration Share
“MOU”	the memorandum of understanding dated 7 December 2009 signed between the Company and the Vendors
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“PRC GAAP”	generally accepted accounting practices in the PRC
“Second Acquisition”	the proposed acquisition of 40% equity interest in the Target Company by the Company pursuant to the Framework Agreement
“Share(s)”	ordinary share(s) of HK\$0.004 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares in the issued capital of the Company
“SRK”	SRK Consulting China Limited, an independent technical adviser of international repute
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target Company”	Henan Hongnan Mining Company Limited (河南宏南礦業有限公司), a limited company incorporated in the PRC which is wholly owned by the Vendors
“Vendors”	Mr. Yu Hengbin and Ms. Liu Yu Xiang, being the respective owner of 90% and 10% equity interests in the Target Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“km ² ”	square kilometres
“%”	per cent

By Order of the Board
GRAND T G GOLD HOLDINGS LIMITED
Lee Sing Leung, Robin
Chief Executive Officer and Executive Director

Hong Kong, 8 February 2010

As at the date of this announcement, the executive directors of the Company are Mr. Lee Shing, Mr. Lee Sing Leung, Robin and Ms. Kwok Tai Pan 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 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/>