



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)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31 DECEMBER 2009

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This announcement, 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 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.

* For identification purpose only

FINANCIAL RESULTS

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 nine months ended 31 December 2009, together with the comparative unaudited figures for the nine months ended 31 December 2008 (the “Corresponding Period”), as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	<i>Note</i>	(Unaudited) Nine months ended 31 December		(Unaudited) Three months ended 31 December	
		2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Continuing Operations					
Revenue	3	54,043	37,044	36,670	524
Cost of sales		<u>(16,860)</u>	<u>(18,961)</u>	<u>(7,509)</u>	<u>(616)</u>
Gross profit		37,183	18,083	29,161	(92)
Other income		1,829	9	(520)	8
Share-based payment expenses		(10,681)	–	(10,681)	–
Administrative expenses		<u>(27,481)</u>	<u>(14,505)</u>	<u>(10,192)</u>	<u>(9,173)</u>
Operating profit/(loss)	4	850	3,587	7,768	(9,257)
Finance costs	5	<u>(17,741)</u>	<u>(16,516)</u>	<u>7,619</u>	<u>(5,383)</u>
(Loss)/profit before taxation		(16,891)	(12,929)	15,387	(14,640)
Taxation	6	<u>(7,472)</u>	<u>–</u>	<u>(7,472)</u>	<u>–</u>
(Loss)/profit for the period from continuing operations		(24,363)	(12,929)	7,915	(14,640)
Discontinued Operation					
Loss for the period from a discontinued operation	7	<u>(7,353)</u>	<u>(8,698)</u>	<u>(2,128)</u>	<u>(5,878)</u>
(Loss)/profit for the period		<u>(31,716)</u>	<u>(21,627)</u>	<u>5,787</u>	<u>(20,518)</u>
Attributable to:					
Shareholders of the Company		(37,644)	(24,604)	774	(18,819)
Minority interests		<u>5,928</u>	<u>2,977</u>	<u>5,013</u>	<u>(1,699)</u>
(Loss)/profit for the period		<u>(31,716)</u>	<u>(21,627)</u>	<u>5,787</u>	<u>(20,518)</u>
Dividends	8	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
<i>HK Cents</i>					
(Loss)/earnings per share	9				
Basic		(1.27)	(1.58)	0.02	(1.00)
Diluted		<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Note	(Unaudited) Nine months ended 31 December 2009		(Unaudited) Three months ended 31 December 2009	
	2008	2008	2008	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
(Loss)/profit for the period	(31,716)	(21,627)	5,787	(20,518)
Other comprehensive income:				
Exchange differences arising from translation of financial statements of overseas subsidiaries	<u>435</u>	<u>11</u>	<u>101</u>	<u>(1,527)</u>
Total comprehensive income for the period	<u>(31,281)</u>	<u>(21,616)</u>	<u>5,888</u>	<u>(22,045)</u>
Total comprehensive income attributable to:				
Equity holders of the Company	(37,209)	(24,593)	875	(20,346)
Minority interests	<u>5,928</u>	<u>2,977</u>	<u>5,013</u>	<u>(1,699)</u>
	<u>(31,281)</u>	<u>(21,616)</u>	<u>5,888</u>	<u>(22,045)</u>

NOTES TO UNAUDITED CONSOLIDATED RESULTS

For the nine months ended 31 December 2009

1. GENERAL INFORMATION

The Group is principally engaged in gold exploration, mining and mineral processing in the People's Republic of China (the "PRC") (the "Gold Mining Division"). It also had a discontinued business in the design, manufacture and distribution of desktop personal computer display cards (the "PC Component Division") which has been disposed of subsequent to the period under review.

2. BASIS OF PREPARATION

The unaudited consolidated results of the Group for the nine months ended 31 December 2009 have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations 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 of the Group are consistent with those followed in the annual financial statements for the year ended 31 March 2009.

The preparation of the Group's unaudited consolidated results requires management to make judgements, estimates and assumptions that affect the application of policies, classification and reported amounts of income and expenses on a year to date basis. Actual results may differ from these estimates.

The Group has adopted all the new and amended HKFRSs, amendments and interpretations which are first effective for the current accounting period of and relevant to the Group. Save for the HKFRS mentioned below, 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.

The adoption of HKAS1 (Revised 2007) makes certain changes to the format and titles of the primary financial statements and to the presentation of some items within these statements. It also gives rise to additional disclosures. The measurement and recognition of the Group's assets, liabilities, income and expenses is unchanged. However, some items that were recognised directly in equity are now recognised in other comprehensive income. HKAS1 affects the presentation of owners changes in equity and introduces a "Statement of comprehensive income". Comparatives have been restated to conform with the revised standard.

3. REVENUE AND 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:

For the nine months ended 31 December 2009 (unaudited)

	Continuing operations			Discontinued operations	
	Gold Mining HK\$'000	Corporate HK\$'000	Total HK\$'000	PC Component HK\$'000	Total HK\$'000
Segment revenue:					
Turnover for external customers	54,043	–	54,043	32,834	86,877
Gross profit before depreciation and amortisation	41,285	–	41,285	2,172	43,457
Other income	1,829	–	1,829	1,261	3,090
Operating expenses	(9,239)	(28,923)	(38,162)	(8,011)	(46,173)
	33,875	(28,923)	4,952	(4,578)	374
Depreciation and amortisation	(4,102)	–	(4,102)	(2,751)	(6,853)
Segment results	<u>29,773</u>	<u>(28,923)</u>	850	(7,329)	(6,479)
Finance costs			(17,741)	–	(17,741)
(Loss)/profit before taxation			(16,891)	(7,329)	(24,220)
Taxation			(7,472)	(24)	(7,496)
(Loss)/profit after taxation			(24,363)	(7,353)	(31,716)
Minority interest			(5,928)	–	(5,928)
Net (loss)/profit for the period			<u>(30,291)</u>	<u>(7,353)</u>	<u>(37,644)</u>

3. REVENUE AND SEGMENTAL INFORMATION (Continued)

For the nine months ended 31 December 2008 (unaudited)

	Continuing operations			Discontinued operations	Total HK\$'000
	Gold Mining HK\$'000	Corporate HK\$'000	Total HK\$'000	PC Component HK\$'000	
Segment revenue:					
Turnover for external customers	37,044	–	37,044	87,175	124,219
Gross profit before depreciation and amortisation	23,486	–	23,486	1,292	24,778
Other income	9	–	9	59	68
Operating expenses	(10,792)	(3,713)	(14,505)	(6,800)	(21,305)
Depreciation and amortisation	12,703	(3,713)	8,990	(5,449)	3,541
	(5,403)	–	(5,403)	(3,073)	(8,476)
Segment results	<u>7,300</u>	<u>(3,713)</u>	3,587	(8,522)	(4,935)
Finance costs			(16,516)	–	(16,516)
(Loss)/profit before taxation			(12,929)	(8,522)	(21,451)
Taxation			–	(176)	(176)
(Loss)/profit after taxation			(12,929)	(8,698)	(21,627)
Minority interest			(2,977)	–	(2,977)
Net (loss)/profit for the period			<u>(15,906)</u>	<u>(8,698)</u>	<u>(24,604)</u>

4. OPERATING PROFIT/(LOSS)

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

	(Unaudited) Nine months ended 31 December		(Unaudited) Three months ended 31 December	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Cost of inventories sold	12,758	13,558	6,165	605
Amortisation of intangible assets	3,890	5,214	1,329	1,973
Depreciation	212	189	71	340
Operating lease rentals in respect of land and buildings	973	732	288	732
Staff costs including directors' emoluments	<u>9,140</u>	<u>7,226</u>	<u>3,057</u>	<u>5,294</u>

5. FINANCE COSTS

	(Unaudited) Nine months ended 31 December		(Unaudited) Three months ended 31 December	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Amortisation of convertible bonds	7,609	13,426	(13,759)	4,314
Interest on bank loans, overdrafts and other borrowings	7,785	1,004	5,358	287
Interest on promissory note	<u>2,347</u>	<u>2,086</u>	<u>782</u>	<u>782</u>
	<u>17,741</u>	<u>16,516</u>	<u>(7,619)</u>	<u>5,383</u>

6. TAXATION

	(Unaudited)		(Unaudited)	
	Nine months ended		Three months ended	
	31 December		31 December	
	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong profits tax	-	-	-	-
Overseas taxation	<u>7,472</u>	-	<u>7,472</u>	-
	<u>7,472</u>	<u>-</u>	<u>7,472</u>	<u>-</u>

No provision for Hong Kong profits tax has been made in the financial statements as the Group had no assessable profit for the period (2008: Nil).

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.

7. DISCONTINUED OPERATION

On 10 November 2009, the Company and Eagle Lane Holdings Limited, a company owned by Mr. Chan Hing Yin who is a former executive director of the Company, entered into a sale and purchase agreement involving the disposal of the entire issued share capital of Eagle Up Holdings Limited, a wholly owned subsidiary of the Company holding the Company's PC Component Division (the "Disposal"). The Group believes that the Disposal provides an opportunity for the Company to dispose of a weakening business and to streamline the businesses of the Group so that the Group can focus on its gold business which is also in line with the Company's business strategy. The Disposal was completed on 29 January 2010.

The unaudited results of the discontinued PC Component Division for the period are set out below. The income statement distinguishes discontinued operation from continuing operations, and comparative figures have been restated.

	(Unaudited)		(Unaudited)	
	Nine months ended		Three months ended	
	31 December		31 December	
	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover	32,834	87,175	10,040	15,883
Cost of sales	<u>(33,413)</u>	<u>(88,956)</u>	<u>(10,730)</u>	<u>(21,366)</u>
Gross loss	(579)	(1,781)	(690)	(5,483)
Other revenue	1,261	59	1,212	5
Selling and distribution expenses	(97)	(524)	(33)	-
General and administrative expenses	<u>(7,914)</u>	<u>(6,276)</u>	<u>(2,611)</u>	<u>(395)</u>
Loss before taxation from the discontinued operation	(7,329)	(8,522)	(2,122)	(5,873)
Taxation	<u>(24)</u>	<u>(176)</u>	<u>(6)</u>	<u>(5)</u>
Loss for the period from the discontinued operation	<u>(7,353)</u>	<u>(8,698)</u>	<u>(2,128)</u>	<u>(5,878)</u>

8. DIVIDENDS

The Board does not recommend the payment of any dividend for the nine months ended 31 December 2009 (nine months ended 31 December 2008: Nil).

9. (LOSS)/EARNINGS PER SHARE

	(Unaudited)		(Unaudited)	
	Nine months ended		Three months ended	
	31 December		31 December	
	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
(Loss)/profit attributable to equity holders of the Company	<u>(37,644)</u>	<u>(24,604)</u>	<u>774</u>	<u>18,819</u>
	Number of shares			
Weighted average number of ordinary shares in issue	<u>2,963,579,764</u>	<u>1,560,717,584</u>	<u>3,691,544,440</u>	<u>1,889,641,696</u>
		<i>(note)</i>		<i>(note)</i>

Note: The above weighted average number of ordinary shares for calculation of the basic earnings per share for the three months and the nine months ended 31 December 2008 have been adjusted to take into account 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 earnings/(loss) per share have been presented for the three months and the nine months ended 31 December 2009 and those for the corresponding periods in 2008 as the share options and convertible bonds outstanding, if any, during the respective periods had an anti-dilutive effect on the basic earnings/(loss) per share for the relevant periods.

10. MOVEMENT OF RESERVES

	Issued share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Other reserve <i>HK\$'000</i>	Revaluation reserve <i>HK\$'000</i>	Statutory surplus reserve <i>HK\$'000</i>	Statutory welfare fund <i>HK\$'000</i>	Statutory general reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>	Minority interests <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the nine months ended 31 December 2009 (Unaudited)													
At 1 April 2009	8,270	796,104	2,566	186,187	-	7,797	325	162	485	(65,693)	936,203	2,349	938,552
Exchange differences arising from translation of financial statements of overseas subsidiaries	-	-	435	-	-	-	-	-	-	-	435	-	435
(Loss)/Profit for the period	-	-	-	-	-	-	-	-	-	(37,644)	(37,644)	5,928	(31,716)
Total comprehensive income for the period	-	-	435	-	-	-	-	-	-	(37,644)	(37,209)	5,928	(31,281)
Conversion of convertible bonds	10,547	174,018	-	(59,326)	-	-	-	-	-	-	125,239	-	125,239
Issue of shares	4,348	109,927	-	-	-	-	-	-	-	-	114,275	-	114,275
Share option scheme	-	-	-	-	10,681	-	-	-	-	-	10,681	-	10,681
At 31 December 2009	<u>23,165</u>	<u>1,080,049</u>	<u>3,001</u>	<u>126,861</u>	<u>10,681</u>	<u>7,797</u>	<u>325</u>	<u>162</u>	<u>485</u>	<u>(103,337)</u>	<u>1,149,189</u>	<u>8,277</u>	<u>1,157,466</u>
For the nine months ended 31 December 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	-	-	11	-	-	-	-	-	-	-	11	60	71
(Loss)/Profit for the period	-	-	-	-	-	-	-	-	-	(24,604)	(24,604)	2,977	(21,627)
Total comprehensive income for the period	-	-	11	-	-	-	-	-	-	(24,604)	(24,593)	3,037	(21,556)
Acquisition of interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	38,082	38,082
Issue of convertible bonds	-	-	-	-	31,121	-	-	-	-	-	31,121	-	31,121
Conversion of convertible bonds	1,754	263,545	-	-	(10,152)	-	-	-	-	-	255,147	-	255,147
Issue of shares	<u>2,605</u>	<u>425,173</u>	-	-	-	-	-	-	-	-	<u>427,778</u>	-	<u>427,778</u>
At 31 December 2008	<u>8,230</u>	<u>786,763</u>	<u>2,158</u>	<u>13,463</u>	<u>20,969</u>	<u>10,480</u>	<u>325</u>	<u>162</u>	<u>485</u>	<u>2,082</u>	<u>845,117</u>	<u>41,119</u>	<u>886,236</u>

11. COMPARATIVE FIGURES

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

MANAGEMENT DISCUSSION AND ANALYSIS

The Board is pleased to report that the Group has made a strong step forward in the last quarter against the objectives which aim at setting the Group on a course to progressively improved performance during the remaining time of this financial year and the years beyond.

During the past nine months the Group embraced a bold yet simple vision, which is for Grand T G Gold Holdings Limited to elevate as a substantial mid-tier global gold producer. Underpinning this goal, the Company has adopted three objectives to that guide the Company towards achieving this vision. These are:

1. ***Expansion of production capacity:*** The Company will continue to expand its production capacity so as to improve its profitability and operating cash flows and will also introduce advanced mining and processing technologies to increase productivity and maximize its investment return.
2. ***Increase of gold reserve and resources:*** The Company aims to increase its gold reserve and resources and life of mines by continuing its ongoing exploration programs in its existing mining and exploration areas, ensuring cost effective and timely drilling with initial focus on discovery of high quality of gold resources for near term production.
3. ***Growth via mergers and acquisitions:*** The Company is actively pursuing growth opportunities via acquisition of operational gold mining assets that will enhance current mining operations.

The Group is strategically positioning itself to consolidate gold mining projects in the world's three largest gold producing regions, namely China, Australia and South Africa.

Operational Review

Production

China

For the first six months ended 30 September 2009, the Group focused on the implementation of feasibility studies and upgrading its production facilities to produce 65,000 ounces of gold per annum at the gold mines of Taizhou Mining. During the third quarter of the year ended 31 December 2009, the Group completed the first phase of upgrading its production facilities. As both production capacity and recovery rate have greatly improved, the Group experienced a strong improvement in our performance as a result. Revenue for the third quarter was HK\$36,670,000, representing a significant 525.6% increase on a quarter-to-quarter basis. For the nine months ended 31 December 2009, the Group recorded a turnover of HK\$54,043,000, representing an increase of 45.9% as compared to that for the corresponding period in the prior year.

During the period, new gold veins have been put into production and more operating gold assets are in the pipeline which will provide steady supply of ores for processing, and thus provide a stability, predictability and consistency in the Group's performance. The Group will continue to invest in the second phase of enhancement of its existing production capacity and building of additional ducts to gold veins of the mines owned by the Group in the remaining time of the year and the forthcoming year.

Australia

Apex Minerals NL (“Apex”), the Group’s Australian asset, is a gold mining and gold production company listed on the Australian Stock Exchange in which the Group has interest, has also made significant progress in the same quarter ended 31 December 2009. Its underground mining provided 84,000 tonnes of ore for the quarter, up 36% from the previous quarter. Following implementation of the development efficiency improvements, Apex had achieved record improvement by completing development of 1,824 metres in the quarter ended 31 December 2009, an increase of 35% compared to the previous quarter.

Exploration Results

China

As mentioned in the Company’s announcement dated 7 September 2009, the total gold reserve and resources of the mines of Tongguan Taizhou Mining Company Limited (“Taizhou Mining”), an indirect non-wholly-owned subsidiary of the Company in China, has increased by approximately 6.6 tonnes as a result of the exploration program as confirmed by SRK Consulting China Limited, an independent technical advisor of international repute, thereby increasing the total gold reserve and resources of the Group to approximately 41 tonnes, representing an increase of 19.27%. As articulated, the Group will continue to devote its efforts and resources in the exploration of mines and during the period Taizhou Mining has also completed a further stage of the exploration program, the preliminary results of which showed that there were additional gold resources of approximately of 6 tonnes. Subject to final testing, the Group’s gold reserve and resources will increase to about 47 tonnes for its China operation, representing an increase of 36.7%.

Australia

During the last quarter, the new exploration program of Apex at the Wiluna gold project has also delivered immediate success with drilling having identified the extension of rich historic orebody close to its existing underground development. The first six holes drilled into the target have returned extremely encouraging results. The assay result from one hole returned 39.4 g/t gold.

The Group will strive to extract greater value from the mining assets it owns and operates by extending the life of mines and create incremental value through (i) the use of more efficient cost structures and mining techniques; and (ii) increasing the reserve and resource base through focused development and selected capital expenditure.

Mergers and Acquisitions Activities

While the last nine months were a period of great operational challenges, the last three months were a period of significant milestones on the Group’s course towards achieving its target.

During the period, the Group made several milestones in increasing its quality and low cost gold assets portfolio by securing its investment in gold properties with growth potential in strategic geographical locations.

China

During the period, the Group has concluded acquisition of two potential gold mines to expand its gold footprints in China’s largest gold producing regions.

Further to the memorandum of understanding signed on 14 August 2009, the Company entered into a framework agreement on 7 September 2009 for a two-stage acquisition of 100% equity interest in 河南宏金礦業有限公司 (Henan Hongjin Mining Company Limited), a gold development company located in the Henan Province, with an estimated gold reserve and resources of approximately 3.29 tonnes according to a technical report issued by a professional consultant. Total consideration amounting to HK\$41,250,000 will be satisfied by HK\$4,800,000 in cash and HK\$36,450,000 by the issue of 135,000,000 shares of the Company. Details of which were set out in the announcement of the Company dated 7 September 2009.

Further to the memorandum of understanding signed on 7 September 2009, the Company also entered into a framework agreement recently for a two-stage acquisition of 100% equity interest in 河南宏南礦業有限公司 (Henan Hongnan Mining Company Limited), a gold development company located in the Henan Province, with an estimated gold reserve and resources of not less than 2.5 tonnes. Consideration for the first stage acquisition of 60% of the equity interest in the company amounts to HK\$18,600,000 which will be satisfied by HK\$4,800,000 in cash and HK\$13,800,000 by the issue of 43,125,000 shares of the Company. Consideration for the second stage acquisition of the remaining 40% equity interest in the company will vary in accordance with the gold reserve and resources as certified by a professional consultant. Details of the transaction were set out in the announcement of the Company dated 8 February 2010.

Upon completion the framework agreements, the Group's total gold holding may further be increased to more than 60 tonnes for its China operations, an increase of 74.3%, and its strategic investment in Apex which has gold holding of more than 99 tonnes.

Subsequent to the quarter end, the Company has entered into a memorandum of understanding on 14 January 2010 for a two-stage acquisition of 100% equity interest in 河南嘉盈礦業有限公司 (Henan Jiaying Mining Company Limited), a gold development company located in the Henan Province, with an estimated gold reserve and resources of not less than 2.2 tonnes. Consideration for the first stage acquisition of 60% of the equity interest in the company amounting to HK\$12,960,000 will be satisfied by HK\$4,050,000 in cash and HK\$8,910,000 by the issue of 33,000,000 shares of the Company. And the consideration for the second stage acquisition of the remaining 40% equity interest in the company will vary in accordance with the gold reserve and resources as certified by a professional consultant. Details of transaction were set out in the announcement of the Company dated 14 January 2010.

Australia

During the period, the Group acquired an interest of approximately 7.84% in Apex, a gold mining and gold production company listed on the Australian Stock Exchange.

The Group acquired 260,000,000 units of rights (with options) to subscribe for new shares in Apex. Details of which were set out in the announcement of the Company dated 29 October 2009. The Group had exercised the rights in full and 260,000,000 new shares and 26,000,000 options in Apex were allotted and granted to the Group. As a result, the Group now is interested in approximately 7.84% of the total issued share capital of Apex as enlarged by the issue of the new shares of Apex in the rights issue only. The Group has also interested in 100,000,000 options in Apex.

Background of Apex

Apex is a company listed on the Australian Stock Exchange and engaged in mining and production of gold and exploration of mineral resources. After completion of the aforesaid rights issue, its four key shareholders are WWD Ruby Limited (Goldman Sachs), Baker Steel Capital Managers LLP, M&G UK Fund and TG Mining Asia Limited (a wholly-owned subsidiary of the Company).

According to its published information, Apex had gold reserve and resources of approximately 99.53 tonnes as at 8 October 2009.

The first gold pour of Apex occurred in December 2008 and commercial production was subsequently achieved in April 2009. Apex achieved gold poured of approximately 1.36 tonnes during a period of 7 months since its first gold pour in December 2008 up to its financial year ended 30 June 2009.

The gold projects of Apex (namely, Wiluna, Gidgee, Youanmi and Aphrodite) all located in Australia cover a total mining of 211 square kilometers with gold reserve and resources of approximately 99.53 tonnes.

Capital Restructuring

The Company extends its appreciation to its convertible bond holders, shareholders and creditors for their support by converting the debts into equities. Convertible bonds with an aggregate principal amount of more than HK\$665 million have been converted into shares of the Company so far, and certain minority and other shareholders as well as promissory note holders have also agreed to capitalize an aggregate amount of HK\$182,820,000 owed by the Group to them into 2,049,428,571 shares of the Company. The Company will continue to proceed with its capital restructuring by encouraging the remaining holders of the convertible bonds to exercise the conversion rights attached to the convertible bonds. Following the implementation of the aforesaid concluded transactions, the debt ratio of the Group will be reduced to below 15%.

During the quarter, the Company also completed share placements of 355,003,200 new shares in aggregate at a price of HK\$0.125 per share which raised a net aggregate amount of approximately HK\$44.2 million for the acquisition of 260,000,000 units of rights (with options) in respect of Apex. The Group has further increased its interest in Apex subsequently by acquiring 100,000,000 options in Apex.

PC Component Business

The PC Component business continued to suffer from the keen price competition and slow-down in demand in its major markets. The Group believed that the disposal of this weakening business would provide an opportunity for the Company to streamline its business operations and focus on its gold business following the Company's business strategy. The disposal was completed on 29 January 2010. As a result, the Group has consummated its corporate restructuring and now become a focused gold producer.

Financial Review

The Board is pleased to report that the Group's turnover (excluding the discontinued PC component business) for the three months ended 31 December 2009 was HK\$36,670,000, representing a significant 525.6% increase on a quarter-to-quarter basis, which were mainly contributed from increased gold production from Taizhou Mining, strong gold prices, higher recovery rates and gold grading in the third quarter of this financial year. The Group's turnover (excluding the discontinued PC component business) for the nine months ended 31 December 2009 was HK\$54,043,000, representing an increase of 45.9% as compared to that for the corresponding period in prior year. It is also encouraging that the gold operations have provided positive operating cash flows to the Group.

Gross profits for the three months ended 31 December 2009 was HK\$29,161,000, representing a remarkable 285.5% increase on a quarter-to-quarter basis. Gross profits for the nine months ended 31 December 2009 was HK\$37,183,000, representing an increase of 105.6% as compared to that for the corresponding period in prior year. Continuous favorable market conditions in the gold mining industry and improved profitability resulting from increased gold production and recovery from Taizhou Mining following the completion of upgrading production facilities had begun to benefit the business performance of the Group's gold mining business.

Taking into account of: (i) the reversal of amortization of convertible bonds amounting to HK\$23,787,000 due to conversion by the bondholders; (ii) the share-based payment expenses of HK\$10,681,000 in relation to grant of share options during the quarter; and (iii) the losses attributable to the discontinued PC component business, the Group had made impressive improvement in its profitability by recording a net profit attributable to equity holders of HK\$774,000 for the three months ended 31 December 2009. Due to this quarter's positive results, net loss of the Group has been reduced from HK\$37,502,000 as recorded in the previous quarter to HK\$31,716,000 for the nine months ended 31 December 2009. Accordingly, net loss attributable to equity holders for the nine months ended was reduced to HK\$37,644,000.

Conversion of the convertible bonds by bond holders, and capitalization of debts by shareholders and promissory note holders subsequent to the third quarter will also benefit the Group in the future with a substantial reduction in finance costs and debt level. The Company will continue its effort to finalize its capital restructuring by encouraging the remaining holders of the convertible bonds to exercise the conversion rights attached to the convertible bonds. The strengthening financial position will provide the Group greater financial stability and potentially, enable the Group to pursue new opportunities.

Strategy

As compared to the prevailing market capitalization-to-resources ratios and price-to-book ratios of other listed gold mining companies, it is believed that those of the Group are highly competitive. The Group's strategy will continue to be focused on value creation to shareholders in terms of growth in ounces per share and returns on a per share basis.

With this focal point in mind, the Group's goal is to grow the Group to becoming a global senior mid-tier gold producer over a medium term, with presence in major gold producing regions in the world.

The Company aims to work towards this goal by advancing its regionalization strategy and growing organically by leveraging off its existing production footprints in China and Australia.

Exploration remains the most cost effective way in which to grow the Group's gold resources. Through the Group's exploration programs, new gold resources are discovered for not more than US\$10 per ounce. The Company will endeavour to lay the foundation which will hopefully turn out to be significant success in the future. Mine exploration activities in and around existing operations and infrastructure should provide significant opportunities for creating value as costs are lower than they would be in a totally Greenfield environment.

In near term, the Company will focus on consolidating the operational gains made so far and aim to achieve the following strategic objectives:

1. Step up exploration and development in and around existing operations.
2. Build momentum in its China gold projects by increasing production to not less than 1,300 tonnes of ore per day (equivalent to 65,000 ounces per annum) in 2010 as target completion time frame.

3. Achieve greater stability, predictability and consistency in the Group's senior mid-tier production objective.
4. Further enhance the mining and treating technologies.
5. Further entrench the regionalization strategy by mergers and acquisitions in order to enlarge the Group's quality gold assets portfolio and to advance the Group's grow strategy.

The progress that the Company has made over the past quarter is encouraging. The Company has now its strategy firmly in place and is well positioned to advance into the exciting new phase of growth.

The Gold Market

Considering the economic challenges around the world over times, it has been a stimulating time in the gold industry. Gold has showed its resilience by being a refuge for a financial community that has been constrained in almost every other investing sector.

Gold price rose for the ninth consecutive years in 2009 to end the year at US\$1,087.5/oz, a 25% increase in price during 2009. Investment flows, dollar-hedging, inflation protection, and central bank buying all played a role in propelling gold to successive new highs. Gold is now emerging, once again, as an asset class in many investment portfolios, which is the single most important underpin of the current gold price.

The global economy began to show tentative signs of recovery in second half of 2009 from one of the worst global recessions since the Great Depression. However, the pace of the recovery remains uncertain. Whilst some developing economies, like China, appear to be recovering at a healthy pace, their developed counterparts, in particular the US and Europe are far from returning to a "normal" rate of growth.

Looking forward to 2010, a growing number of investors worry about price stability. The large sums of money supply that reached the market in 2008 are creating concerns that inflationary pressures loom. Investors who do not believe higher inflation will materialize may still worry about the United States dollar outlook.

Therefore gold should continue to be a safe haven investment and gold price will continue to be supported as the world still struggles to recover from the financial turmoil in 2008. There are evidences that global gold mining production will remain flat, with ageing mines in the traditional mining hubs, a dearth of major new gold discoveries in recent years and increasing lead times in bringing new projects on stream. Europe's central banks have jointly announced lowering the gold sales quota by 20% to 400 tonnes of gold a year whilst banks and official sector institutions outside of the Central Bank Gold Agreement have made net purchases, in particular India's move to boost its gold reserves by 200 tonnes. These together with the ongoing programs of gold purchases by the central banks of Russia and China reaffirm gold's role as a key element of global monetary reserves as well as a growing recognition of gold's unique properties as a monetary asset and as a protector of wealth.

China, supported by its strong GDP growth, saw a 12% increase in consumer demand for gold in the third quarter of 2009 compared to year earlier levels, reaching a record high of 120.2 tonnes. Jewellery demand rose 8% to 93.5 tonnes with strong growth in the 24 carat market. Retail investment demand in China in the third quarter of 2009 reached a record level of 26.8 tonnes. This represented a rise of 30% above the level of the third quarter of 2008. As China's real GDP is expected to grow in excess of 9% in 2010 and the estimated real all-in cost of producing an ounce of gold being in the order of approximately US\$700 to US\$800 per ounce globally, there is reason to believe that demand in gold should continue to grow in 2010 and the gold price remains above that natural price floor level.

Looking Forward

The Group will target to complete its capital restructuring in the near future, and strive for becoming a global senior mid-tier gold producer.

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. On 19 November 2009, the Company granted share options (“Share Options”) to certain directors, employees and suppliers of services of the Group to subscribe for a total of 206.3 million ordinary shares of HK\$0.004 each in the capital of the Company (the “Shares”), under the share option scheme of the Company adopted on 4 March 2009.

Out of the 206.3 million Share Options granted, 90.3 million Share Options were granted to six directors and 27 million Share Options were granted to the general manager of Tongguan Taizhou Mining Company Limited (“Taizhou Mining”), an indirect non-wholly owned subsidiary of the Company, with details as follows:

Name of Directors	Number of Share Options
<i>Executive Directors</i>	
Mr. Lee Shing	27.0 million
Mr. Lee Sing Leung, Robin	27.0 million
Ms. Kwok Tai Pan	27.0 million
<i>Independent Non-Executive Directors</i>	
Mr. Orr Joseph Wai Shing	3.1 million
Mr. Jiao Zhi	3.1 million
Dr. Cheung Wai Bun, Charles <i>J.P.</i>	3.1 million
General Manager of Taizhou Mining	
Mr. Ma Qian Zhou	27.0 million

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

As at 31 December 2009, 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 Shing	Personal interest	27,000,000 Option Shares (Note 1)	25.89%
	Interest in a controlled corporation	312,000,000 Shares (Note 2) and 1,160,400,000 Underlying Shares (Note 2, 3)	
Mr. Lee Sing Leung, Robin ("Mr. Robin Lee")	Personal interest	344,581,273 Shares (Note 4) and 113,600,000 Underlying Shares (Note 5) and 27,000,000 Option Shares (Note 1)	18.20%
	Interest in a controlled corporation	569,018,182 Shares (Note 6)	
Ms. Kwok Tai Pan	Personal interest	27,000,000 Option Shares (Note 1)	0.47%
Mr. Orr Joseph Wai Shing	Personal interest	3,100,000 Option Shares (Note 1)	0.05%
Mr. Jiao Zhi	Personal interest	3,100,000 Option Shares (Note 1)	0.05%
Dr. Cheung Wai Bun, Charles J.P.	Personal interest	3,100,000 Option Shares (Note 1)	0.05%

Notes:

1. These Shares represent the interests in the underlying shares (“Option Shares”) arising from share options granted to, among others, the respective directors of the Company under the Company’s share option scheme adopted on 4 March 2009.
2. These Shares were held by Yong Li Investments Limited, which is wholly and beneficially owned by Mr. Lee Shing.
3. The Underlying Shares were derived from interest of the convertible bonds in the principal amount of HK\$81,228,000 owned by Yong Li Investments Limited.
4. Of these Shares, 272,727,273 Shares are deemed to be interested in by Mr. Robin Lee upon signing of the conditional subscription agreement dated 23 December 2009 entered into between the Company, Mr. Robin Lee and Golden Garden Management Limited according to the SFO.
5. The Underlying Shares were derived from interest of the convertible bonds in the principal amount of HK\$7,952,000 owned by Mr. Robin Lee.
6. These Shares are deemed to be interested in by Golden Garden Management Limited, a company wholly and beneficially owned by Mr. Robin Lee, upon signing of the conditional subscription agreement dated 23 December 2009 entered into between the Company, Mr. Robin Lee and Golden Garden Management Limited according to the SFO.

Save as disclosed above, as at 31 December 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
Baker Steel Capital Managers LLP (“Baker Steel”)	Interest in a controlled corporations	382,003,200 Shares (<i>Note 1</i>)	12.34%
		332,571,429 Underlying Shares (<i>Note 2</i>)	

Note:

1. These Shares were held by five funds managed by Baker Steel, namely Genus Natural Resources Master Fund, Genus Dynamic Gold Fund, Ruffer Baker Steel Gold Fund, RIT Capital Partners Baker Steel and Baker Steel Gold Fund.
2. The Underlying Shares were derived from interest of the convertible bonds in the principal amount of HK\$23,280,000 owned by five funds managed by Baker Steel, namely Genus Natural Resources Master Fund, Genus Dynamic Gold Fund, Ruffer Baker Steel Gold Fund, RIT Capital Partners Baker Steel and Baker Steel Gold Fund.

Save as disclosed above, as at 31 December 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 nine months ended 31 December 2009.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the nine months ended 31 December 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 nine months ended 31 December 2009.

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

Hong Kong, 9 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 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/>.