



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 REPORT 2010

* *For identification purpose only*

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

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*This report, for which the directors (the “**Directors**” or individually a “**Director**”) 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 GEM 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 the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

This report 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/>.

The board of Directors (the “**Board**”) hereby announces the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively, the “**Group**”) for the three months and nine months ended 31 December 2010, together with the unaudited comparative figures for the corresponding periods in previous year as follows:

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the nine months ended 31 December 2010

	Notes	(Unaudited) Three months ended 31 December		(Unaudited) Nine months ended 31 December	
		2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000
Revenue	3	–	36,670	–	54,043
Cost of sales		–	(7,509)	–	(16,860)
Gross profit		–	29,161	–	37,183
Other losses	3	(582)	(520)	(700)	1,829
Selling and distribution expenses		(10)	–	(31)	–
Share-based payment expenses		–	(10,681)	–	(10,681)
Impairment loss on goodwill		(1,410,452)	–	(1,410,452)	–
Administrative expenses		(29,085)	(10,192)	(54,525)	(27,481)
Operating results		(1,440,129)	7,768	(1,465,708)	850
Finance costs		(1,771)	7,619	(8,272)	(17,741)
Loss before tax	6	(1,441,900)	15,387	(1,473,980)	(16,891)
Income tax credit/(expense)		14,888	(7,472)	14,888	(7,472)
Loss for the period from continuing operations		(1,427,012)	7,915	(1,459,092)	(24,363)
Discontinued Operation					
Loss for the period from discontinued operation	7	–	(2,128)	–	(7,353)
Profit/(loss) for the period		(1,427,012)	5,787	(1,459,092)	(31,716)
Profit/(loss) for the period attributable to:					
Equity holders of the Company		(1,428,062)	774	(1,458,760)	(37,644)
Non-controlling interest		1,050	5,013	(332)	5,928
		(1,427,012)	5,787	(1,459,092)	(31,716)
		<i>HK Cents</i>	<i>HK Cents</i>	<i>HK Cents</i>	<i>HK Cents</i>
Earnings/(losses) per share					
Basic	6	(10.62)	0.02	(11.34)	(1.27)
Diluted		N/A	N/A	N/A	N/A

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the nine months ended 31 December 2010

	(Unaudited)		(Unaudited)	
	Three months ended 31 December		Nine months ended 31 December	
Notes	2010	2009	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
(Loss)/Profit for the period	(1,427,012)	5,787	(1,459,092)	(31,716)
Other comprehensive income for the period:				
<i>Item that may be reclassified subsequently to profit or loss</i>				
Exchange differences arising from translation of financial statements of overseas subsidiaries	4,439	101	8,667	435
Fair value change and reclassification to profit or loss in regard of available for sale investment	24,887	–	(18,170)	–
	<u>29,326</u>	<u>5,888</u>	<u>(9,503)</u>	<u>(31,281)</u>
Total comprehensive income/(loss) for the period:	(1,397,686)	5,888	(1,468,595)	(31,281)
Total comprehensive income/(loss) attributable to:				
Equity holders of the Company	(1,398,883)	875	(1,467,670)	(37,209)
Non-controlling interest	<u>1,197</u>	<u>5,013</u>	<u>(925)</u>	<u>5,928</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the nine months ended 31 December 2010

	Attributable to equity holders of the Company									
	Issued share capital	Share premium	Foreign currency translation reserve	Share option reserve	Convertible bonds reserve	Revaluation reserve	Retained profit/ (Accumulated losses)	Total	Non- controlling interest	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2010	44,819	1,502,068	912	26,703	37,696	-	(74,556)	1,537,642	15,656	1,553,298
Issue of shares	3,169	76,787	-	-	-	-	-	79,896	-	79,896
Issue of shares upon conversion of convertible bonds	5,806	11,970	-	-	(32,660)	-	-	85,116	-	85,116
Net loss for the period	-	-	-	-	-	-	(1,458,760)	(1,458,760)	(332)	(1,459,092)
Other comprehensive income:										
Exchange differences arising from translation of financial statement of overseas subsidiaries	-	-	9,260	-	-	-	-	9,260	(593)	8,667
Fair value change and reclassification to profit or loss in regard of available for sale investment	-	-	-	-	-	(18,170)	-	(18,170)	-	(18,170)
Total comprehensive income for the period	-	-	9,260	-	-	(18,170)	(1,458,760)	(1,467,670)	(925)	(1,468,595)
At 31 December 2010	53,794	1,690,765	10,172	26,703	5,036	(18,170)	(1,533,316)	234,984	14,731	249,715

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the nine months ended 31 December 2009

	Issued share capital	Share premium	Foreign currency reserve	Convertible bonds reserve	Share option reserve	Revaluation reserve	Statutory surplus reserve	Statutory welfare fund	Statutory general reserve	Retained profits/ (Accumulated losses)	Total	Non- controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	At 1 April 2009	8,270	796,104	2,566	186,187	-	7,797	325	162	485	(65,693)	936,203	2,349
Issue of shares	4,348	109,927	-	-	-	-	-	-	-	-	114,275	-	114,275
Issue of share upon conversion of convertible bonds	10,547	174,018	-	(59,326)	-	-	-	-	-	-	125,239	-	125,239
Share option scheme	-	-	-	-	10,681	-	-	-	-	-	10,681	-	10,681
Net loss for the period	-	-	-	-	-	-	-	-	-	(37,644)	(37,644)	5,928	(31,716)
Other comprehensive income													
Exchange differences arising from translation of financial statements of overseas subsidiaries	-	-	435	-	-	-	-	-	-	-	435	-	435
Total comprehensive income for the period	-	-	435	-	-	-	-	-	-	(37,644)	(37,209)	5,928	(31,281)
At 31 December 2009	23,165	1,080,049	3,001	126,861	10,681	7,797	325	162	485	(103,337)	1,149,189	8,277	1,157,466

NOTES:

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Its principal place of business in Hong Kong is Room 2410, 24/F, Wayson Commercial Building, 28 Connaught Road West, Sheung Wan, Hong Kong. The Company's shares are listed on the GEM of the Stock Exchange.

The principal places of business of the Group are in The People's Republic of China ("PRC") and Hong Kong. The principal activity of the Company is investment holding. Its subsidiaries (together with the Company collectively referred to as the "Group" hereinafter) are principally engaged in gold exploration, mining and mineral processing.

The unaudited condensed consolidated financial statements are presented in Hong Kong dollars ("HK\$"), and the functional currency of the Company is HK\$, with values rounded to the nearest thousand.

2. BASIS OF PREPARATION

The Group's unaudited condensed consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKAS") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinances. The unaudited condensed consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

The unaudited condensed consolidated financial statements should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2010 ("2010 Annual Report"). The Group's policies on financial risk management were set out in the financial statements included in the Company's 2010 Annual Report and there have been no significant changes in the financial risk management policies for the nine months ended 31 December 2010.

The unaudited condensed consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial instruments which are carried at fair value.

The accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the nine months ended 31 December 2010 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2010.

The HKICPA has issued certain amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. REVENUE AND OTHER INCOME

Revenue represents the net value of goods sold, net of trade discounts and returns and various types of government surcharges where applicable, and the value of services rendered:

	(Unaudited) Three months ended 31 December		(Unaudited) Nine months ended 31 December	
	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue				
Continuing operations	–	36,670	–	54,043
Discontinued operations	–	10,040	–	32,834
	<u>–</u>	<u>46,710</u>	<u>–</u>	<u>86,871</u>
Other income				
Continuing operations	–	–	–	–
Discontinued operations	–	1,212	–	1,261
	<u>–</u>	<u>1,212</u>	<u>–</u>	<u>1,261</u>

4. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging the following:

	(Unaudited) Three months ended 31 December		(Unaudited) Nine months ended 31 December	
	2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000
Cost of inventories sold	–	7,509	–	16,860
Auditors' remuneration	250	223	750	535
Amortisation of intangible assets	12	1,329	12	3,890
Depreciation*	2,672	71	7,041	212
Operating lease rentals in respect of land and buildings	251	288	753	973
Staff costs including directors' emoluments:				
Salaries, wages, allowances and benefits in kind	3,880	3,037	9,122	9,120
Retirement benefits scheme contributions	29	20	80	20
Staff costs	3,909	3,057	9,202	9,140

* HK\$229,633 (31 December 2009: HK\$315,752) are included in administrative expenses.

5. INCOME TAX CREDIT/(EXPENSE)

	(Unaudited) Three months ended 31 December		(Unaudited) Nine months ended 31 December	
	2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000
Current tax – overseas				
Reverse of over provision for the period	14,888	–	14,888	–
Provision for the period	–	(7,472)	–	(7,472)
Income tax credit/(expense)	14,888	(7,472)	14,888	(7,472)

No provision for Hong Kong profits tax has been made in the financial statements as the Group had no assessable profit for the period (31 December 2009: 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.

6. EARNINGS/(LOSSES) PER SHARE

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

Basic

	Unaudited Three months ended 31 December		(Unaudited) Nine months ended 31 December	
	2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000
Profit/(loss) attributable to the equity holders of the Company	(1,428,062)	774	(1,458,760)	(37,644)
Weighted average number of ordinary shares in issue	<u>13,448,488,271</u>	<u>3,691,544,440</u>	<u>12,871,660,709</u>	<u>2,963,579,764</u>
Basic earnings/(losses) per share (HK cents)	<u>(10.62)</u>	<u>0.02</u>	<u>(11.34)</u>	<u>(1.27)</u>

Diluted

Diluted earnings/(losses) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume exercise/conversion of all dilutive potential ordinary shares. The Company has 1 category of dilutive potential ordinary shares: share options.

For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market price of the Company's shares during the period) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated above is compared with the number of shares that would have been issued assuming the exercise of the share options. Hence, the share options have a dilutive effect only when the average market price of ordinary shares during the period exceeds the exercise price of the share options.

The computation of diluted earnings/(losses) per share for the nine months ended 31 December 2010 and 2009 did not assume the exercise of the Company's outstanding share options since the Company's shares were suspended in trading and there is no market price for the shares.

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 Disposal was completed on 29 January 2010.

The unaudited results of the discontinued PC Component Division for the nine months ended 31 December 2009 which have been included in the comparative unaudited consolidated results of the Group, are set out below. The income statement distinguishes discontinued operation from continuing operations and comparative figures have been restated.

	(Unaudited) Three months ended 31 December 2009 HK\$'000	(Unaudited) Nine months ended 31 December 2009 HK\$'000
Turnover	10,040	32,834
Cost of sales	<u>(10,730)</u>	<u>(33,413)</u>
Gross loss	(690)	(579)
Other income	1,212	1,261
Selling and distribution expenses	(33)	(97)
General and administrative expenses	<u>(2,611)</u>	<u>(7,914)</u>
Loss before taxation from the discontinued operation	(2,122)	(7,329)
Taxation	<u>(16)</u>	<u>(24)</u>
Loss for the period from the discontinued operation	<u>(2,128)</u>	<u>(7,353)</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Financial results

The principal activity of the Company is investment holding. Its subsidiaries (together with the Company collectively referred to as the “**Group**” hereinafter) are principally engaged in gold exploration, mining and mineral processing with gold concentrate as its product.

For the nine months ended 31 December 2010, the Group adopted a new business model of obtaining asset backing finance from financier with its inventories pledged as collaterals for its development. As such, the Group recorded no revenue for the nine months ended 31 December 2010 (31 December 2009: approximately HK\$54.0 million). Respective state of affairs of the Group is set out in the unaudited condensed consolidated financial statements on pages 2 to 7 of this report. The Company has restated its results for the three months ended 30 June 2010.

Consolidated loss of the Company amounted to approximately HK\$1,459.1 million for the nine months ended 31 December 2010 (nine months ended 31 December 2009: loss of approximately HK\$31.7 million) which was mainly attributable to impairment loss of goodwill.

Basic losses per share was approximately HK cents 11.34 for the nine months ended 31 December 2010 (nine months ended 31 December 2009: loss of approximately HK cents 1.27). There will be no payment of dividend for the nine months ended 31 December 2010 (31 December 2009: nil).

Charge on the Group’s assets

As at 31 December 2010, the Group’s bank borrowings were secured by the mining right owned by the Group whereas its long term loans were secured by the inventories of the Group’s operating subsidiary, Tongguan Taizhou Mining Company Limited (“**Taizhou Mining**”).

Exposure to exchange risks

Since the Group’s borrowings and its source of income are primarily denominated in the respective group companies functional currency which are mainly in HK\$ or Renminbi, the exposure to foreign exchange rate fluctuations is minimal.

Significant investment, material acquisition and disposal

The Group did not have any significant investment, material acquisition and disposal throughout the review period.

Employees and remuneration policies

As at 31 December 2010, the Group had 135 employees situated mainly in the PRC and Hong Kong. The Group’s emoluments policies are formulated based on industry practices and performance of individual employees. For the nine months ended 31 December 2010, the total staff costs (including directors’ emoluments) amounted to approximately HK\$9.2 million (31 December 2009: approximately HK\$9.1 million). During the nine months ended 31 December 2010, no share option had been granted by the Company. Details of employees’ remuneration are set out in note 4 of this report.

MATERIAL CHANGE IN THE MANAGEMENT TEAM OF THE COMPANY

There had been material changes in the management team of the Company as follows:

- (a) (i) Mr. Lee Sing Leung Robin retired as Director in the Company's annual general meeting held on 16 August 2010; (ii) the office of Mr. Chan Yeuk Sen as Director was vacated in accordance with the articles of association of the Company with effect from the close of the board meeting held on 9 November 2012 as he had been absent from meetings of the Board for more than six consecutive months and no alternate Director has attended in his place; and (iii) all but one members of the old Board resigned as of 23 March 2016, namely Mr. Lee Shing, Ms. Kwok Tai Pan, Dr. Cheung Wai Pun Charles JP and Mr. Jiao Zhi ((i) to (iii) are hereinafter collectively, the "**Former Directors**"). Save and except for Mr. Orr Joseph Wai Shing ("**Mr. Orr**") who is an existing independent non-executive Director since 22 December 2008 and was not involved in the daily management and operation of the Group, all of the existing Directors (the "**New Board**") only came into place from late February to late April 2016; and
- (b) Mr. Leung Siu Kuen, the Company Secretary of the Company appointed in place of Mr. Ho Wing Kai since 13 July 2010, resigned with effect from 1 July 2012. Mr. Ng Wai Kee was appointed as the Company's Company Secretary with effect from 1 July 2012 and resigned with effect from 5 April 2016. Ms. Lam Yuen Ling Eva has been appointed as the Company Secretary of the Company with effect from 6 April 2016.

EVENTS AFTER THE REPORTING PERIOD

(i) **Conditional Approval of the Listing Appeals Committee on the Company's Resumption for Trading**

Trading in the shares of the Company ("**Shares**") has been suspended since 11 November 2010.

On 4 June 2015, the GEM Listing Committee decided to proceed with the cancellation of the listing of the Shares and the Company was required to submit a resumption proposal by 4 December 2015. On 15 January 2015, the GEM Listing Committee decided that the resumption proposal submitted by the Company on 4 December 2015 was not viable and decided to cancel the listing of the Shares (the "**Listing Decision**").

Notwithstanding the review application made by the Company in January 2016, on 8 April 2016, the Company was informed that the GEM Listing (Review) Committee decided that the resumption proposal submitted by the Company in March 2016 was not viable and thus uphold the Listing Decision.

The New Board appointed Proton Capital Limited as the sole financial adviser of the Company in respect of the Company's resumption and on 15 September 2016, the Company submitted a revised resumption proposal ("**Resumption Proposal**") to the Listing Appeals Committee.

Following the review hearing held on 9 December 2016, the Listing Appeals Committee decided to accept the Resumption Proposal, subject to the Company's compliance with the conditions ("**Conditions**") as summarised below to the satisfaction of the Listing Department by 14 March 2017:

1. publication of audited consolidated financial statements for all the outstanding financial results of the Group with no material audit qualifications indicating questions with respect to the consolidation of the results of Taizhou Mining;

2. resolution of any audit qualification issues;
3. providing a working capital forecast with: (a) all principal assumptions (including appropriate sensitivity analysis relating to gold and RMB movements) for at least twelve months from the expected trading resumption date; (b) a comfort letter from the auditors or financial advisers confirming that they are satisfied that the working capital forecast of the Group has been made by the Directors after due and careful enquiry; (c) assurance to the satisfaction of the Listing Department that any equity financing including the open offer (the “**Open Offer**”) will be completed; and
4. conduct a follow up review by a professional party to demonstrate to the satisfaction of the Listing Department, all material weaknesses identified have been rectified and that the Group has in place an adequate and effective financial reporting procedures and internal control systems.

The Listing Appeals Committee also stated in its letter that resumption of trading in the Company’s securities should be within a reasonably short period of time after compliance with the Conditions.

(ii) Publication of all outstanding audited consolidated financial statements

On 16 February 2017, the Company published the audited consolidated financial statements for all the outstanding financial results of the Group, i.e. for the years ended 31 March 2011, 2012, 2013, 2014, 2015 and 2016, with no material audit qualifications indicating questions with respect to the consolidation of the results of Taizhou Mining.

(iii) Open Offer of the Company

On 24 February 2017, the Company entered into an underwriting agreement with two underwriters. As disclosed in the announcement of the Company dated 24 February 2017, the Company proposes to conduct the Open Offer to raise approximately HK\$134.48 million before expenses by issuing 6,724,244,135 offer shares on the basis of one offer share for every two existing Shares held on the record date to the qualifying shareholders at the subscription price of HK\$0.02 per offer share.

The Company intends that the estimated net proceeds from the Open Offer of approximately HK\$131 million will be used (i) as to approximately HK\$88 million for repayment of the Company’s debts; and (ii) as to approximately HK\$43 million as general working capital of the Group. As such, upon completion of the open offer, the Company will have sufficient fund to settle all Company outstanding and confirmed debts including the outstanding bond and those claimed in the winding up petitions in Hong Kong as well as the Cayman Islands.

It is expected that the net assets position of the Company will also be strengthened substantially upon completion of the Open Offer.

(iv) Full repayment of bank borrowings and release of security over the Group’s mining rights

In mid-2016, the Group fully repaid its bank borrowings and thus, the security over the Group’s mining rights has been released.

(v) **Litigation instituted by Mr. Lau Kin, a purported creditor, in the Cayman Islands**

The Company has been served with a winding-up petition by Mr. Lau Kin, a purported creditor of the Company to the Grand Court of the Cayman Islands against the Company. The petitioning debt stated in the winding-up petition is an alleged sum due to Mr. Lau Kin by the Company of HK\$19,494,230.43, comprising HK\$16,882,000.00 principal and interest of HK\$2,612,230.43 as of 3 May 2016 (the “**Lau Kin Claim**”). Mr. Lau Kin seeks an order for the appointment of joint official liquidators to the Company.

Mr. Lau Kin alleged that by a deed of assignment made between Dragon Hill Development Limited (“**Dragon Hill**”) and him dated 3 May 2016, Dragon Hill assigned to him a purported debt of the Company in the amount of HK\$19,494,230.43 at a consideration of HK\$2 million only.

The Company considers the validity of the Lau Kin Claim is in question and is investigating into and seeking legal advice in relation thereto. If the Lau Kin Claim is indeed found to be valid, the Lau Kin Claim will be fully settled from the net proceeds of the Open Offer.

With agreement of all parties involved, hearing date of the Grand Court of the Cayman Islands for the aforesaid litigation shall be further adjourned with a hearing to be held on the first available date after 14 March 2017 (Cayman time).

(vi) **Litigation instituted by Mr. Lee Shing, a purported creditor, in Hong Kong**

The Company has been served with a petition for the winding-up of the Company by Mr. Lee Shing (a former executive director, ex-Chairman, an existing substantial shareholder of the Company) to the High Court, Hong Kong Special Administrative Region under the provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the laws of Hong Kong) (the “**Lee Shing Petition**”).

Mr. Lee Shing alleged in the Lee Shing Petition that the Company is indebted to him in the sum of HK\$18,223,125.50 (the “**Alleged Indebtedness**”), comprising (i) a purported loan of HK\$6,925,000.00 assigned by a former Director to Mr. Lee Shing on 12 April 2010; (ii) a loan purportedly provided by Mr. Lee Shing plus interest calculated up to 30 August 2016 of HK\$7,019,020.50 in aggregate; and (iii) director’s emoluments and reimbursements of HK\$4,279,105.00 in aggregate.

Before the presentation of the Lee Shing Petition by Mr. Lee Shing, the Company had been in the course of requesting relevant documents and supportings from Mr. Lee Shing so as to substantiate and verify the Alleged Indebtedness. Although Mr. Lee Shing’s legal adviser has indicated his client’s intention to provide, the Company has never received any of the requested documents up to the date of this report.

The first hearing date of the Lee Shing Petition has been scheduled to take place on 15 March 2017 in the High Court, Hong Kong Special Administrative Region. For the avoidance of doubt, 15 March 2017 is not a winding up date of the Company. According to the legal advice obtained by the Company, the hearing of 15 March 2017 is an endorsed hearing whereby a Master would check whether all procedural matters have been complied with and ascertain whether the Company or any other person would oppose to the Lee Shing Petition. If the Company opposes to the Lee Shing Petition at the hearing to be held on 15 March 2017, the case would be adjourned before a High Court Judge for his/her directions as to filing of evidence and other court documents.

The Company is seeking legal advice and endeavor to vigorously oppose the Lee Shing Petition. In light of the conditional approval to the Resumption Proposal from the Listing Appeals Committee as detailed in the Company's announcement dated 19 December 2016, the Company is implementing the Resumption Proposal whereby the net proceeds of the Open Offer will be applied to fully settle, among others, the Alleged Indebtedness if verified.

PROSPECT

In view of the conditional approval for resumption of trading granted by the Listing Appeals Committee, the Board is intensifying its effort to implement the Resumption Proposal, which include the Open Offer, debt capitalisation, debt settlement and release of all outstanding financial results, so as to fulfill the Conditions as soon as possible for resumption in trading of the shares of the Company.

OTHER INFORMATION

1. Directors' Interest in Competing Business

Due to the material change as stated in the section headed "Material Change in the Management Team of the Company", the New Board cannot make any representation on whether any of the Former Directors or their respective associates (as defined in GEM Listing Rules) have any interests in any business which compete or may compete with the Group or any other conflicts of interest with the Group.

Mr. Orr has confirmed with the Company that he and his associates (as defined in GEM Listing Rules) did not have any interests in any business which compete or may compete with the Group or any other conflicts of interest with the Group.

2. Audit Committee

The Company established the audit committee with written terms of reference that sets out the authorities and duties of the committee.

The current Audit Committee comprises three independent non-executive directors, namely Mr. Jiang Quanming, Mr. Orr and Mr. Guo Wei and Mr. Jiang Quanming is the chairman of the Audit Committee.

The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control and risk management systems of the Group, maintain an appropriate relationship with the Company's auditors and provide advice and comments to the Board.

The current Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the nine months ended 31 December 2010.

3. Remuneration Committee

The Company established the Remuneration Committee with written terms of reference that sets out the authorities and duties of the committee.

The current Remuneration Committee comprises one non-executive director and three independent non-executive directors, namely Ms. Ma Xiaona, Mr. Jiang Quanming, Mr. Orr and Mr. Guo Wei. Mr. Jiang Quanming is the chairman of the Remuneration Committee.

4. Purchase, Sale or Redemption of Listed Securities

During the period ended 31 December 2010, neither the Company nor any of its subsidiaries has purchased or sold any of its listed securities.

5. Code of conduct regarding securities transactions by Directors

Due to the material change as stated in the section headed “Material Change in the Management Team of the Company”, the New Board cannot make any representation to the compliance of the required standard of dealings as set out in Rules 5.46 to 5.67 of the GEM Listing Rules by the Former Directors in the nine months ended 31 December 2010.

Having made specific enquiry, Mr. Orr confirmed that he had complied with the required standard of dealings and the code of conduct regarding securities transactions by Directors adopted by the Company during the nine months ended 31 December 2010.

6. Code on Corporate Governance Practice

Due to the material change as stated in the section headed “Material Change in the Management Team of the Company”, the New Board cannot make any representation about the adoption and/or compliance of the principles and the applicable provisions of the Code on Corporate Governance Practices (the “Code”) set out in Appendix 15 to the GEM Listing Rules by the Company and/or the Former Directors for the nine months ended 31 December 2010, however, based on the information available to the New Board, the Company had the following deviations from the Code during the nine months ended 31 December 2010:

Code Provision A.4.1 and A.4.2

Code Provisions A.4.1 of the Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election. Code provision A.4.2 of the Code further stipulates, among others, that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

The Company’s non-executive directors were not appointed for a fixed term. The Company had not held any annual general meeting since the latest annual general meeting held on 16 August 2010. As such, the Former Directors and Mr. Orr had not been retired by rotation at least once every three years.

SHARE OPTION SCHEME

Pursuant to a share option scheme adopted by the Company on 4 March 2009, the Directors may, at their discretion, offer to employees, Directors of the Company or its subsidiaries other eligible participants options to subscribe for shares in the Company subject to the terms and conditions stipulated therein. The exercise price of options is the highest of the nominal value of the shares, the closing price of the shares on The Stock Exchange of Hong Kong Limited on the date of grant and the average closing price of the shares on The Stock Exchange of Hong Kong Limited for the five business days immediately preceding the date of grant. No options were exercised, cancelled, forfeited or lapsed up to in the period under review.

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

As at 31 December 2010, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares pursuant to share option scheme of the Company (“**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 is otherwise 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	Capacity	Number and class of securities		Approximate % of the issued share capital of the Company
		Shares	Underlying Shares	
Lee Shing	Interest in a controlled corporation	1,472,400,000 (Note 1)	–	10.95%
	Personal interest		27,000,000 (Note 2)	0.20%
Chan Yeuk Sen	Interest in a controlled corporation	1,293,672,000 (Note 3)	–	9.62%
Kwok Tai Pan	Personal interest	–	27,000,000 (Note 2)	0.20%
Orr Joseph Wai Sing	Personal interest	–	3,100,000 (Note 2)	0.02%
Jiao Zhi	Personal interest	–	3,100,000 (Note 2)	0.02%
Dr. Cheung Wai Bun, Charles J.P.	Personal interest	–	3,100,000 (Note 2)	0.02%

Notes:

1. These Shares were held by Yong Li Investments Limited, a company wholly and beneficially owned by Mr. Lee Shing.
2. The long position in the Underlying Shares mentioned above represent the Shares to be issued and allotted upon the exercise in full of the share options granted by the Company pursuant to the share option scheme of the Company.
3. These Shares were held by Midway International Holdings Ltd. which was wholly and beneficially owned by Mr. Chan Yeuk Sen.

Save as disclosed above, as at 31 December 2010, 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.

Save for the share options that were granted under the share option scheme, none of the Directors or employees of the Group or their respective associates were granted by the Company or its subsidiaries the rights to acquire shares or debentures of the Company or any other body corporate, or had exercised any such rights as at 31 December 2010.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES

So far as is known to any Director or chief executives of the Company, as at 31 December 2010, the following persons (other than the Directors and chief executives of the Company whose interests are set out in the section “Directors’ and chief executives’ interests and short positions in shares, underlying shares and debentures” above) had an interest or short position in the Shares or Underlying Shares which were recorded in the register required to be kept under Section 336 of the SFO:

Long positions in Shares and Underlying Shares of the Company

Name	Capacity	Number and class of securities		Approximate % of the issued share capital of the Company
		Shares	Underlying Shares	
Yong Li Investments Limited	Beneficial owner	1,472,400,000	–	10.95%
Midway International Holdings Limited	Beneficial owner	1,293,672,000	–	9.62%
Ma Qian Zhou (“ Mr. Ma ”)	Beneficial owner	1,234,776,571 (Note 1)	–	9.18%
			27,000,000 (Note 2)	0.20%
Baker Steel Capital Managers LLP (“ Baker Steel ”)	Investment manager	714,547,200 (Note 3)	–	5.31%

Notes:

1. Mr. Ma is a shareholder, director and the general manager of Taizhou Mining. Of these Shares, 169,348,000 Shares were held by Ms. Zhao Yuebing, the spouse of Mr. Ma, and therefore Mr. Ma was deemed to have interests in these Shares.
2. The long position in the Underlying Shares mentioned above represent the Shares to be issued and allotted upon the exercise in full of the share options granted by the Company pursuant to the share option scheme of the Company.
3. 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.

Save as disclosed above, as at 31 December 2010, 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.

For and on behalf of the Board
Grand T G Gold Holdings Limited
Li Dahong
Chairman

Hong Kong, 10 March 2017

The English text of this report shall prevail over the Chinese text in case of inconsistencies.

As at the date hereof, the Board comprises of Dr. Li Dahong (executive Director), Mr. Feng Jun (executive Director), Mr. Jiang Zhiyong (executive Director), Ms. Ma Xiaona (non-executive Director), Mr. Orr Joseph Wai Shing (independent non-executive Director), Mr. Jiang Quanming (independent non-executive Director) and Mr. Guo Wei (independent non-executive Director).