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**高富集團控股有限公司**  
**GT GROUP HOLDINGS LIMITED**  
*(Incorporated in Hong Kong with limited liability)*  
 (Stock Code: 263)

**INTERIM RESULTS ANNOUNCEMENT  
 FOR THE SIX MONTHS ENDED 30 JUNE 2019**

**INTERIM RESULTS**

The board of directors (the “Board”) of GT Group Holdings Limited (the “Company”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2019 together with comparative figures as follows:

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

*For the six months ended 30 June 2019*

		<b>Six months ended 30 June</b>	
		<b>2019</b>	<b>2018</b>
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		<b>(unaudited)</b>	<b>(unaudited)</b>
Turnover	3	<b>26,197</b>	(120,344)
Cost of sales		<b>(515)</b>	(104)
Gross profit/(loss)		<b>25,682</b>	(120,448)
Unrealised gain/(loss) on financial assets at fair value through profit or loss		<b>14,462</b>	(105,141)
Other income	4	<b>6,716</b>	9,117
Share of loss of associates	7	<b>(8,046)</b>	(12,162)
Administrative expenses		<b>(45,133)</b>	(46,639)
Finance costs		<b>(65,005)</b>	(58,309)
Loss before taxation		<b>(71,324)</b>	(333,582)
Income tax credit	5	<b>456</b>	–
<b>Loss for the period, attributable to equity holders of the Company</b>	4	<b>(70,868)</b>	(333,582)
		<b>Six months ended 30 June</b>	<b>2018</b>
		<b>2019</b>	<b>2018</b>
		<b>(unaudited)</b>	<b>(unaudited)</b>
			<b>(restated)</b>
<b>Loss per share</b>			
— Basic and diluted (HK\$ per share)	6	<b>(0.45)</b>	(2.14)

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019

		Six months ended 30 June	
		2019	2018
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Notes			
<b>Loss for the period</b>		<b>(70,868)</b>	<b>(333,582)</b>
<b>Other comprehensive income</b>			
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Exchange differences arising on translation of overseas operations		(344)	(1,959)
Share of other comprehensive expense of associates	7	(581)	(12,161)
		<b>(925)</b>	<b>(14,120)</b>
<i>Items that will not be subsequently reclassified to profit or loss:</i>			
Fair value change in financial assets at fair value through other comprehensive income		–	(25,727)
Recovery of cost of investment in financial assets at fair value through other comprehensive income	8(ii)(b)	–	23,418
Gain on disposal of financial assets at fair value through other comprehensive income, net	8(i) & (ii)(b)	–	21,563
		<b>–</b>	<b>19,254</b>
Other comprehensive (expense)/income for the period (net of tax)		<b>(925)</b>	<b>5,134</b>
<b>Total comprehensive expense for the period, attributable to equity holders of the Company</b>		<b>(71,793)</b>	<b>(328,448)</b>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

		As at 30 June 2019 HK\$'000 (unaudited)	As at 31 December 2018 HK\$'000 (audited)
	Notes		
<b>Non-current assets</b>			
Property, plant and equipment		2,809	3,292
Right-of-use assets		20,363	–
Interests in associates	7	383,172	389,888
Prepayment		600	600
Financial assets at fair value through other comprehensive income	8	–	–
Other assets		2,205	2,205
Trading right		–	–
Long-term loans receivable	10	13,500	13,500
		<u>422,649</u>	<u>409,485</u>
<b>Current assets</b>			
Trade and other receivables	9	73,718	82,104
Short-term loans receivable	10	338,007	380,404
Financial assets at fair value through profit or loss		479,830	467,244
Bank balances held under segregated trust accounts		24,355	23,695
Bank balances and cash		19,834	22,894
		<u>935,744</u>	<u>976,341</u>
<b>Current liabilities</b>			
Trade and other payables	11	108,464	83,105
Loans payable	12	678,266	682,195
Lease liabilities		9,963	–
Notes payable	13	312,596	312,596
		<u>1,109,289</u>	<u>1,077,896</u>
<b>Net current liabilities</b>		<u>(173,545)</u>	<u>(101,555)</u>
<b>Total assets less current liabilities</b>		<u>249,104</u>	<u>307,930</u>

		As at 30 June 2019 HK\$'000 (unaudited)	As at 31 December 2018 HK\$'000 (audited)
	<i>Notes</i>		
<b>Non-current liabilities</b>			
Lease liabilities		10,658	–
Notes payable	13	175,724	172,959
Deferred tax liabilities		3,346	3,802
		<u>189,728</u>	<u>176,761</u>
<b>Net assets</b>		<u>59,376</u>	<u>131,169</u>
<b>Capital and reserves</b>			
Share capital	14	2,824,801	2,824,801
Reserves		(2,765,425)	(2,693,632)
		<u>59,376</u>	<u>131,169</u>
Equity attributable to owners of the Company		–	–
Non-controlling interests		–	–
<b>Total equity</b>		<u>59,376</u>	<u>131,169</u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 2019*

## 1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The financial information relating to the financial year ended 31 December 2018 that is included in the interim financial report as comparative information does not constitute the statutory annual consolidated financial statements of GT Group Holdings Limited (the “Company”) for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2018 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company’s auditors have reported on those financial statements. The auditors’ report was unqualified; contained a matter regarding the doubt about the Company’s ability to continue as a going concern which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

### **Going Concern Basis**

The condensed consolidated financial statements depict the Group incurred a net loss of approximately HK\$70,868,000 during the six months ended 30 June 2019 and, as of that date, the Group’s current liabilities exceeded its current assets by approximately HK\$173,545,000. The Group had loan of HK\$18,000,000 which has been overdue since September 2018, loan of US\$49,500,000, equivalent to approximately HK\$386,816,000, which has been overdue since mid-March 2019 and loan from financial institution and note payable of US\$45,000,000, equivalent to approximately HK\$351,660,000, which will mature or require payment in the year ending 31 December 2019. The Directors have adopted the going concern basis for the preparation of the condensed consolidated financial statements.

The condensed consolidated financial statements have been prepared on a going concern basis, the validity of which is dependent on the granting of the extension on the maturity dates of the loans to the Group and obtaining alternative sources of external funding in order for the Group to meet its financial obligations as they fall due. The details and the validity of applying the going concern basis are as follows:

### **Loan payable due in mid-March 2019**

A loan of US\$49,500,000, equivalent to approximately HK\$386,816,000, was overdue since mid-March 2019. As confirmed by the directors of the Company, the Group is in the process of negotiating with the lender for extension of the loan. Up to the date of approval of the condensed consolidated financial statements, as represented by the directors of the Company, the lender has provided a positive confirmative response indicating that it is willing to extend the loan and are in the stage of preparing the necessary documents for processing relevant approval in relation to the loan extension.

### **Loan from financial institution with repayment on demand clause**

As at 30 June 2019, the Group had a loan from financial institution of US\$35,000,000, equivalent to approximately HK\$273,450,000, of which there is a repayment on demand clause in the loan agreement that gives the lender an unconditional right at any time to require immediate payment. According to the repayment schedule of the loan agreement, the Group is only required to repay US\$5,000,000, equivalent to HK\$39,064,000, in the year ending 31 December 2019. The Group considers that the amount payable for the year ending 31 December 2019 will be settled by internal resources. US\$30,000,000 equivalent to HK\$234,386,000 is repayable in November 2021.

Notwithstanding the above repayment on demand clause, the Group do not believe that the lender will exercise the on demand right within 12 months and the loans will be repaid in accordance with maturity dates as set out in the agreements. This evaluation was made considering: the Group has made all previously scheduled repayments and, up to the date of approval of the condensed consolidated financial statements, there is no indication from the lender that they will exercise the on demand right.

### **Loan payable due in September 2018**

As at 30 June 2019, the Group had a loan payable amounted to HK\$18,000,000 overdue. The Group intends to settle the loan payable from the proceeds of the Group's rights issue which is expected to be completed in the year ending 31 December 2019.

### **Note payable due in September 2019**

As at 30 June 2019, the Group had note payable of US\$40,000,000, equivalent to approximately HK\$312,596,000, of which the repayment will be due in September 2019 (extendable to 2020 subject to mutual agreement). Up to the date when the condensed consolidated financial statements are authorised for issue, as represented by the directors of the Company, the lender has provided a positive confirmative response indicating that they are willing to extend the loan.

### **Future financing**

The Group will actively consider all possible fund raising exercises and/or obtain new loan facility with an aim to finance the above loans and interest repayment.

Should the going concern assumption be inappropriate, adjustments may have to be made to reflect the situation that assets may need to be realised at the amounts other than which they are currently recorded in the condensed consolidated statement of financial position. In addition, the Group may have to provide for further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively.

## **2. SIGNIFICANT ACCOUNTING POLICIES**

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the annual report of the Company for the year ended 31 December 2018, except for the adoption of new and amended standards effective for annual periods beginning on or after 1 January 2019 as set out below.

In the current interim period, the Company and its subsidiaries (collectively referred to as the “Group”) have applied, for the first time, the following new or revised standards, amendments and interpretations (“new HKFRSs”) issued by the HKICPA, which are effective for the Group’s accounting period beginning on 1 January 2019:

HKFRS 16	Leases
HK(IFRIC) 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle

The application of the above amendments to HKFRSs, except for HKFRS 16, has no material effect on the amounts reported in the condensed consolidated financial statements and/or disclosures set out in the condensed consolidated financial statements.

### **HKFRS 16 Leases**

From 1 January 2019, leases are recognised as right-of-use assets and corresponding liabilities at the date at which the leased assets are available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the condensed consolidated statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use assets are depreciated over the shorter of the assets’ useful lives and the lease terms on a straight-line basis and stated at initially recognised amount less depreciation and impairment losses.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed lease payments. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group’s incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- prepayment, and
- any initial direct costs

The Group has adopted HKFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provision in the standard. The adjustments arising from the new leasing rules are therefore recognised in the opening balances of the condensed consolidated statement of financial position on 1 January 2019.

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as “operating leases” under the principles of HKAS 17 Leases (“HKAS 17”). These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 January 2019 (date of initial application of HKFRS 16). The weighted average lessee’s incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 8%.

In applying HKFRS 16 for the first time, the Group has used a practical expedient permitted by this standard to use a single discount rate to a portfolio of leases with reasonable similar characteristics.

The reconciliation between the operating lease commitments as disclosed by applying HKAS 17 as at 31 December 2018 and lease liabilities recognised in the opening of the condensed consolidated statement of financial position as at 1 January 2019 (date of initial application of HKFRS 16) is as follows:

	<b>Unaudited</b> <b>HK\$'000</b>
Operating lease commitments disclosed as at 31 December 2018	27,933
Effect of discounting	<u>(2,353)</u>
Lease liabilities recognised as at 1 January 2019	<u><u>25,580</u></u>
Of which are:	
— Current lease liabilities	10,043
— Non-current lease liabilities	<u>15,537</u>
	<u><u>25,580</u></u>

The associated right-of-use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised as at 1 January 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The change in accounting policy resulted in the recognition of both right-of-use assets and lease liabilities of HK\$25,580,000 in the opening of the condensed consolidated statement of financial position on 1 January 2019.

The recognised right-of-use assets of HK\$25,147,000 and HK\$433,000 were related to land and buildings and other assets respectively.

The Group has not applied the new or revised HKFRSs that have been issued but are not yet effective for the accounting period of these financial statements. The Group has already commenced an assessment of the impact of these new or revised HKFRSs but is not yet in a position to state whether these new or revised HKFRSs would have a significant impact on its results of operation and financial position.

### 3. TURNOVER AND SEGMENT INFORMATION

An analysis of the Group's turnover for the reporting periods is as follows:

	<b>Six months ended 30 June</b>	
	<b>2019</b>	<b>2018</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Revenue from contracts with customers		
— Commission and brokerage income	<b>403</b>	975
Revenue from other sources		
— Interest income from provision of finance	<b>26,068</b>	22,268
— Net results from securities trading*	<u><b>(274)</b></u>	<u>(143,587)</u>
	<u><u><b>26,197</b></u></u>	<u><u>(120,344)</u></u>

\* Represented the proceeds from the sale of investments at fair value through profit or loss of approximately HK\$3,919,000 (2018: approximately HK\$347,931,000) less cost of sales and the weighted average cost of the investments sold of approximately HK\$4,193,000 (2018: approximately HK\$491,518,000).



For management purposes, the Group is currently organised into three operating divisions – trading of goods, provision of finance and brokerage and securities investment. These divisions are the basis on which the Group reports its primary segment information.

For the purposes of assessing segment performance and resources between segments, the board of directors of the Company monitors the results and assets and liabilities attributable to each reportable segment on the following basis:

Segment turnover represents revenue generated from external customers; net gain/(loss) on investments held for trading activities are also included in segment revenue.

Segment results represent the profit earned or loss incurred by each segment without allocation of corporate income and expenses, share results of associates, central administration costs, directors' salaries, finance costs for loans payable and income tax credit or expense.

### Segment Turnover and Results

*Six months ended 30 June 2019*

	Trading of goods <i>HK\$'000</i> (unaudited)	Provision of finance <i>HK\$'000</i> (unaudited)	Brokerage and securities investment <i>HK\$'000</i> (unaudited)	Elimination <i>HK\$'000</i> (unaudited)	Total <i>HK\$'000</i> (unaudited)
<b>TURNOVER</b>					
External sales	–	26,068	129	–	26,197
Inter-segment sales*	–	–	11	(11)	–
Total	–	26,068	140	(11)	26,197
<b>RESULTS</b>					
Segment results	–	20,081	10,741	–	30,822
Unallocated income					2,803
Unallocated corporate expenses					(31,898)
Finance costs					(65,005)
Share of loss of associates					(8,046)
Loss before taxation					(71,324)
Income tax credit					456
Loss for the period					(70,868)

\* *Inter-segment sales were charged at terms determined and agreed between the group companies.*

Six months ended 30 June 2018

	Trading of goods <i>HK\$'000</i> (unaudited)	Provision of finance <i>HK\$'000</i> (unaudited)	Brokerage and securities investment <i>HK\$'000</i> (unaudited)	Elimination <i>HK\$'000</i> (unaudited)	Total <i>HK\$'000</i> (unaudited)
<b>TURNOVER</b>					
External sales	–	22,268	(142,612)	–	(120,344)
Inter-segment sales*	–	–	108	(108)	–
	<u>–</u>	<u>–</u>	<u>108</u>	<u>(108)</u>	<u>–</u>
Total	<u>–</u>	<u>22,268</u>	<u>(142,504)</u>	<u>(108)</u>	<u>(120,344)</u>
<b>RESULTS</b>					
Segment results	–	19,943	(252,710)	–	(232,767)
Unallocated income					5,142
Unallocated corporate expenses					(35,486)
Finance costs					(58,309)
Share of loss of associates					(12,162)
					<u>(12,162)</u>
Loss before taxation					(333,582)
Income tax expense					–
					<u>–</u>
Loss for the period					<u>(333,582)</u>

\* *Inter-segment sales were charged at terms determined and agreed between the group companies.*

#### 4. LOSS FOR THE PERIOD

	<b>Six months ended 30 June</b>	
	<b>2019</b>	2018
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
<b>Loss for the period has been arrived at after charging:</b>		
Staff costs including directors' emoluments	<b>12,623</b>	13,190
Retirement benefits schemes contributions	<b>398</b>	383
	<hr/>	<hr/>
Total staff costs	<b>13,021</b>	13,573
	<hr/>	<hr/>
Depreciation of right-of-use assets	<b>5,217</b>	–
Depreciation of property, plant and equipment	<b>580</b>	727
Loss allowance on loans receivable	<b>6,111</b>	965
Loss allowance on trade and other receivables	<b>–</b>	956
	<hr/>	<hr/>
<b>and after crediting:</b>		
Interest income on:		
Bank deposits	<b>10</b>	4
Other loan and receivables	<b>2,940</b>	2,510
	<hr/>	<hr/>
Total interest income	<b>2,950</b>	2,514
Dividend income	<b>–</b>	6,113
Foreign exchange gain, net	<b>–</b>	2
Reversal of loss allowance on trade and other receivables	<b>478</b>	–
Reversal of loss allowance on interests in associates	<b>1,911</b>	–
Sundry income	<b>1,377</b>	488
	<hr/>	<hr/>
Total other income	<b>6,716</b>	9,117
	<hr/>	<hr/>

## 5. INCOME TAX CREDIT

	Six months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Income tax expenses comprise:		
— Current tax	—	—
— Deferred tax	456	—
	<u>456</u>	<u>—</u>

No Hong Kong Profits Tax has been provided as there were no assessable profits for the periods.

For the Group's subsidiary established in the People's Republic of China ("PRC"), PRC Enterprise Income Tax had not been recognised as there were no assessable profits.

## 6. LOSS PER SHARE

On 28 March 2019, the consolidation of every 10 issued shares into 1 consolidated share and the rights issue on the basis of 4 rights shares for every 1 consolidated share held by the shareholders of the Company, at a subscription price of HK\$0.56 per rights share were approved at the extraordinary general meeting of the Company.

The consolidation of shares was effective already on 29 March 2019. The rights issue was carried out in accordance with the Company's circular dated 8 March 2019. Reference was made to the Company's announcement dated 3 June 2019, the despatch date of the prospectus documents will be further postponed.

The effect of consolidated shares and bonus element resulting from the rights issue has been included in the calculation of basic and diluted loss per share and the prior period basic and diluted earnings per share are adjusted.

The calculation of the basic loss per share attributable to owners of the Company is based on the following data:

	Six months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
<b>Loss for the period</b>		
Loss for the period attributable to owners of the Company		
for the purpose of basic loss per share	<u>(70,868)</u>	<u>(333,582)</u>

Six months ended 30 June	
2019	2018
'000	'000
(unaudited)	(unaudited)
	(restated)

## Number of ordinary shares

Weighted average number of ordinary shares for the purpose of calculating basic loss per share

<b>155,768</b>	<b>155,768</b>
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Diluted loss per share for the six months ended 30 June 2019 and 2018 were the same as basic loss per share as the Company did not have dilutive potential ordinary shares for the six months ended 30 June 2019 and 2018.

## 7. INTERESTS IN ASSOCIATES

### (a) Details of the Group's interests in associates:

	As at 30 June 2019 HK\$'000 (unaudited)	As at 31 December 2018 HK\$'000 (audited)
Cost of investments in associates:		
— Unlisted	<b>506,216</b>	506,216
Amounts due from associates ( <i>Note 7(c)(i)</i> )	<b>36,081</b>	36,081
	<b>542,297</b>	542,297
Share of results of associates:		
— Post-acquisition profits and other comprehensive income, net of dividends received	<b>131,947</b>	140,574
— Bargain purchase	<b>13,910</b>	13,910
	<b>145,857</b>	154,484
Provision for impairment	<b>(304,982)</b>	(306,893)
	<b>383,172</b>	389,888

**(b) Details of each of the Group's associates at 30 June 2019:**

Name of associates	Place of incorporation/ establishment	Issued and fully paid ordinary share capital/ registered capital	Place of operation	Proportion of equity interest held by the Group		Principal activities
				Directly %	Indirectly %	
China Sky Holdings Limited ("China Sky") (Note i)	The British Virgin Islands ("BVI")	US\$100,000	Hong Kong	40	–	Investment holding
Kim Dynasty Realty & Development Co. Ltd. ("Jintang") (Note i)	The PRC	US\$3,500,000	The PRC	–	40	Development, construction and building management
Success Quest Limited ("Success Quest") (Note ii)	BVI	US\$100	Hong Kong	50	–	Dormant
Multi-Fame Group Limited ("Multi-Fame") (Note iii)	BVI	US\$1,000	Hong Kong	49	–	Investment holding
Multi-Fame (Hong Kong) Limited	Hong Kong	HK\$10,000	Hong Kong	–	49	Trading of electronic products and mainly distributes bluetooth earphones, speakers and computer products
Baiyu (Beijing) Technology Company Ltd ("Baiyu BJ")* (佰譽(北京)科技有限公司)	The PRC	Registered capital of US\$8,600,000	The PRC	–	49	Trading of computers and its peripherals as distributor
Beijing Baiyu Logistics Company Limited* (北京佰譽物流有限公司)	The PRC	Registered capital of RMB5,000,000	The PRC	–	49	Provision of logistics service
Shenzhen Yisiyuan Technology Development Company Limited* (深圳市伊思源科技發展有限公司)	The PRC	Registered capital of RMB1,000,000	The PRC	–	49	Inactive
Beijing Guodian Tongyuan Technology Company Limited* (北京國電通源科技有限公司)	The PRC	Registered capital of RMB10,000,000	The PRC	–	49	Trading of computers and its peripherals
Khorgos Baiyu Supply Chain Management Company Limited* (霍爾果斯佰譽供應鏈管理 有限公司)	The PRC	Registered capital of RMB5,000,000	The PRC	–	49	Provision of consulting services
Shanghai Dongdi Supply Chain Management Company Limited* (上海東迪供應鏈管理有限公司)	The PRC	Registered capital of RMB30,000,000	The PRC	–	49	Trading of goods including baby care products

\* For identification purpose only

*Notes:*

*(i) China Sky and its subsidiary (“China Sky Group”)*

The Group acquired 40% of the total issued share capital of China Sky at the consideration of HK\$370,000,000 in 2015 and had a carrying value of HK\$504,502,000 before impairment (note c below) as at 30 June 2019. The China Sky Group, is principally engaged in the business of development and construction of two property development projects in Chongqing, the PRC.

*1. Jintang Project (as defined hereunder)*

The first property development project comprises a residential and commercial complex known as “Jintang New City Plaza\*” 金唐新城市廣場 (“Jintang Project”), of which the construction has been completed.

*2. Tanzishi Project (as define hereunder)*

The second property development project comprises five parcels of land with a total site area of approximately 72,559 square meters and (“Tanzishi Project”). Pursuant to a cooperation agreement entered into between 重慶金唐房地產開發有限公司 (“金唐公司”), a subsidiary of China Sky, and an independent third party (the “Party B”), Party B would provide the five parcels of land for the development of the project (the “Land”) and 金唐公司 would provide and arrange financing for the development of the project. It was planned that the land will be developed into several commercial and residential buildings with a total planned gross floor area of approximately 463,357 square meters.

The Company has noted that there have been legal disputes and court proceedings between 金唐公司 and Party B which include, inter alia, the right of development of the parcels of the Land by the parties and the satisfactorily financial contributions of Tanzishi Project.

Taking into consideration the legal disputes on Tanzishi Project, the Company has considered it prudent to make an impairment on the value of the Group’s investment in China Sky Group. Based on a valuation report prepared by an independent qualified valuer after making full provision of China Sky Group’s total contributions to Tanzishi Project and any associated costs in relation thereto, the 40% fair value of China Sky Group as at 30 June 2019 amounted to approximately HK\$199,520,000. As the carrying value of the Group’s investment in China Sky Group was approximately HK\$504,502,000 as at 30 June 2019, a reversal of impairment of approximately HK\$1,911,000 has therefore been made with a result of total impairment approximately HK\$304,982,000 (at 31 December 2018: HK\$306,893,000) on such an investment.

*(ii) Success Quest*

The carrying amount of Success Quest is nil as at 30 June 2019 (31 December 2018: Nil).

In December 2018, Anton Capital Investment Vehicle has fully redeemed all of its units held by Success Quest, and there is no business operation of Success Quest during the six months ended 30 June 2019.

\* For identification purposes only

(iii) *Multi-Fame and its subsidiaries (“Multi-Fame Group”)*

On 1 September 2017, the Group entered into a sale and purchase agreement to acquire 49% of the entire issued shares of Multi-Fame by issuing the promissory note of principal amount of HK\$196,000,000 (note 13(ii)) to the vendor, Mega Ample Capital Limited, a company incorporated in the British Virgin Islands. On 16 November 2018, the acquisition was completed and the promissory note was issued on the same date.

The details of the acquisition have been disclosed in the Company’s circular dated 25 June 2018.

Baiyu BJ, the operating subsidiary of Multi-Fame Group, is principally engaged in trading of computers and its peripherals, and is an authorised distributor of computer products and peripherals for Lenovo and a retailer of baby care products with a majority of its revenue generated on JD.com.

(c) **Summarised financial information of associates**

Summarised consolidated financial information in respect of each of the Group’s associates is set out below. The summarised financial information below represents amounts shown in the associates’ financial statements prepared in accordance with HKFRSs.

These associates are accounted for using the equity method in these condensed consolidated financial statements.

(i) *China Sky Group*

	<b>As at 30 June 2019 HK\$’000 (unaudited)</b>	<b>As at 31 December 2018 HK\$’000 (audited)</b>
Current assets	<b>1,155,299</b>	1,230,919
Non-current assets	<b>451,730</b>	457,430
Current liabilities	<b>(372,513)</b>	(418,808)
Non-current liabilities	<b>(902,773)</b>	(907,022)
Net assets	<b><u>331,743</u></b>	<u>362,519</u>



	Six months ended <b>30 June 2019</b> <i>HK\$'000</i> (unaudited)	Six months ended 30 June 2018 <i>HK\$'000</i> (unaudited)
Revenue	<u><b>23,839</b></u>	<u>43,474</u>
Loss for the period	<b>(27,835)</b>	(30,404)
Other comprehensive expense for the period	<u><b>(2,941)</b></u>	<u>(30,404)</u>
Total comprehensive expense for the period	<b>(30,776)</b>	(60,808)
Proportion of the Group's ownership interests in China Sky Group	<u><b>40%</b></u>	<u>40%</u>
Share of total comprehensive expense of China Sky Group	<u><b>(12,310)</b></u>	<u>(24,323)</u>
Dividends received from China Sky Group during the period	<u><b>–</b></u>	<u>–</u>

Reconciliation of the above summarised financial information to the carrying amount of the interests in China Sky Group recognised in the condensed consolidated financial statements:

	As at <b>30 June 2019</b> <i>HK\$'000</i> (unaudited)	As at 31 December 2018 <i>HK\$'000</i> (audited)
Net assets of China Sky Group	<b>331,743</b>	362,519
Proportion of the Group's ownership interest in China Sky Group	<u><b>40%</b></u>	<u>40%</u>
	<b>132,697</b>	145,007
Effect of fair value adjustments at acquisition	<b>335,724</b>	335,724
Amounts due from China Sky Group ( <i>Note</i> )	<u><b>36,081</b></u>	<u>36,081</u>
Carrying amount of the Group's interest in China Sky Group	<b>504,502</b>	516,812
Impairment loss on interest in China Sky Group	<u><b>(304,982)</b></u>	<u>(306,893)</u>
Net carrying amount of the Group's interest in China Sky Group	<u><b>199,520</b></u>	<u>209,919</u>

*Note:*

Amounts due from China Sky Group of HK\$36,081,000 as at 30 June 2019 and 31 December 2018 are unsecured, non-interest bearing and repayable upon demand. The Group has no intention to exercise its right to demand repayment of these loans within the twelve months from the end of the reporting period. The directors believe the settlement of these loans is not likely to occur in the foreseeable future as they are, in substance, a part of the Group's net investment in associates as working capital of China Sky Group. Accordingly, the amount is classified as non-current asset and included in the Group's interests in associates for the purpose of presentation in the condensed consolidated statement of financial position.

(ii) *Success Quest*

As the Group's interest in Success Quest as at 30 June 2019 and 31 December 2018 was not material to the Group, no summarised financial information of Success Quest is presented.

(iii) *Multi-Fame Group*

	<b>As at 30 June 2019 HK\$'000 (unaudited)</b>	<b>As at 31 December 2018 HK\$'000 (audited)</b>
Current assets	<b>260,471</b>	396,433
Non-current assets	<b>2,728</b>	407
Current liabilities	<b>(145,484)</b>	(289,191)
Non-current liabilities	<b>(2,550)</b>	–
Net assets	<b><u>115,165</u></b>	<u>107,649</u>
		<b>Six months ended 30 June 2019 HK\$'000 (unaudited)</b>
Revenue		<b><u>880,766</u></b>
Profit for the period		<b>6,302</b>
Other comprehensive income for the period		<b><u>1,214</u></b>
Total comprehensive income for the period		<b>7,516</b>
Proportion of the Group's ownership interests in Multi-Fame Group		<b><u>49%</u></b>
Share of total comprehensive income of Multi-Fame Group		<b><u>3,683</u></b>
Dividends received from Multi-Fame Group during the period		<b><u>–</u></b>

Reconciliation of the above summarised financial information to the carrying amount of the interests in Multi-Fame Group recognised in the condensed consolidated financial statements:

	As at <b>30 June 2019</b> <i>HK\$'000</i> (unaudited)	As at 31 December 2018 <i>HK\$'000</i> (audited)
Net assets of Multi-Fame Group	<b>115,165</b>	107,649
Proportion of the Group's ownership interest in Multi-Fame Group	<b>49%</b>	49%
	<b>56,431</b>	52,748
Goodwill	<b>127,221</b>	127,221
Carrying amount of the Group's interest in Multi-Fame Group	<b>183,652</b>	179,969

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

		As at <b>30 June 2019</b> <i>HK\$'000</i> (unaudited)	As at 31 December 2018 <i>HK\$'000</i> (audited)
	<i>Notes</i>		
Equity securities			
— Listed securities	(i)	—	—
— Unlisted securities	(ii)	—	—
		—	—

### (i) Listed securities

The listed securities recognised as financial assets at fair value through other comprehensive income ("FVTOCI") represent the Group's listed investment in Aurelia Metals Limited. During the year ended 31 December 2018, the Group disposed of all its listed investment in Aurelia Metals Limited on-market at a total consideration of approximately AUD6,813,000 (equivalent to approximately HK\$41,275,000). A gain on disposal of financial assets at FVTOCI amounting to approximately AUD3,595,000 (equivalent to approximately HK\$21,634,000) was recognised in the other comprehensive income for the year ended 31 December 2018. A cumulative losses of approximately HK\$17,913,000 was transferred from FVTOCI reserve to accumulated losses upon disposal.

**(ii) Unlisted securities**

- (a) According to the latest information available, Joint Global Limited (“Joint Global”) was annulled in the Republic of the Marshall Islands.

In respect of the investment in Joint Global, full impairment of HK\$215,000,000 was made in prior year after taking into account the unaudited net asset value of Joint Global, and other relevant factors.

The Group has obtained legal opinions from law firms in Hong Kong and the Republic of Marshall Islands based on: (1) the recoverability of the damages awarded to the Group by the Court of Hong Kong from the former director of Joint Global (the “Former Director”) and (2) the possibility of the High Court of Marshall Islands to accept legal proceedings against the Former Director. Both law firms do not recommend the Group to commence legal proceedings against the Former Director neither in the Court of Hong Kong nor in the High Court of Marshall Islands.

- (b) In respect of the investment in Singularity Advisory (Cayman) Limited (“Singularity”), the Group received distribution of approximately US\$3,613,000 (equivalent to approximately HK\$28,208,000) from Singularity in February 2018, of which US\$3,000,000 (equivalent to approximately HK\$23,418,000) was considered as the recovery of cost of investment. The remaining part of the distribution of approximately US\$613,000 (equivalent to approximately HK\$4,790,000) represented the return on investment and was recognised as dividend in the profit or loss during the year ended 31 December 2018.

On 10 April 2018, the Group disposed of all the investment in Singularity to an independent third party for cash consideration of US\$2 (equivalent to HK\$16) and resulted in a loss on disposal of financial assets at FVTOCI amounting to approximately HK\$71,000 recognised in other comprehensive income. A cumulative loss of approximately HK\$2,380,000 was transferred from FVTOCI reserve to accumulated losses upon disposal.

## 9. TRADE AND OTHER RECEIVABLES

	As at 30 June 2019 <i>HK\$'000</i> (unaudited)	As at 31 December 2018 <i>HK\$'000</i> (audited)
Trade receivables	57,908	60,484
Less: Loss allowance	(6,900)	(6,961)
	<u>51,008</u>	<u>53,523</u>
Other receivables and prepayments	23,752	30,040
Less: Loss allowance	(1,042)	(1,459)
	<u>22,710</u>	<u>28,581</u>
	<u><u>73,718</u></u>	<u><u>82,104</u></u>

Details of trade receivables are as follows:

	As at 30 June 2019 <i>HK\$'000</i> (unaudited)	As at 31 December 2018 <i>HK\$'000</i> (audited)
Trade receivables arising from securities brokerage business:		
— Margin account clients	55,350	58,053
— Cash account clients	2,261	2,134
— Others	297	297
	<u>57,908</u>	<u>60,484</u>

The settlement term of trade receivables arising from securities brokerage business is two days after the trade date.

An aging analysis of the trade receivables, presented based on the transaction date, at the end of the reporting periods are as follows:

	As at 30 June 2019 <i>HK\$'000</i> (unaudited)	As at 31 December 2018 <i>HK\$'000</i> (audited)
0 to 60 days	8,217	2,305
61 to 90 days	21,880	7,049
Over 90 days	27,811	51,130
	<u>57,908</u>	<u>60,484</u>

## 10. LOANS RECEIVABLE

	As at <b>30 June 2019</b> <i>HK\$'000</i> (unaudited)	As at 31 December 2018 <i>HK\$'000</i> (audited)
Secured loans	<b>102,049</b>	138,022
Unsecured loans	<b>272,721</b>	273,034
	<b>374,770</b>	411,056
Less: Loss allowance	<b>(23,263)</b>	(17,152)
	<b>351,507</b>	393,904
Analysed for reporting purposes at:		
Non-current assets	<b>13,500</b>	13,500
Current assets	<b>338,007</b>	380,404
	<b>351,507</b>	393,904

Loans receivable arise from the Group's money lending business. As at 30 June 2019, the Group has 16 (at 31 December 2018: 15) loans receivable, of which 3 (at 31 December 2018: 3) were secured and 13 (at 31 December 2018: 12) were unsecured. Loans receivable are bearing interests at the rates mutually agreed with the contracting parties, ranging from 13% to 14% (at 31 December 2018: 13% to 14%) per annum.

As at 30 June 2019, the secured loans and interest receivables arising from loan financing business were respectively secured by the followings:

- a first mortgage given by a mortgagor over two residential properties in Shenzhen, the PRC;
- a first charge over securities accounts in the name of the customer according to the charge agreement dated 3 March 2017 (such securities accounts were maintained with a subsidiary of the Company, which is a brokerage firm); and
- a share charge of all the issued capital of the borrower and a charge of a yacht wholly-owned by the borrower.

Included in the unsecured loans receivable, loans of approximately HK\$142,974,000 (at 31 December 2018: approximately HK\$144,586,000) are guaranteed by guarantors.

Under the Group's expected credit losses assessment, loss allowance on loans receivable of approximately HK\$23,263,000 was provided as at 30 June 2019 (at 31 December 2018: approximately HK\$17,152,000).

## 11. TRADE AND OTHER PAYABLES

	As at 30 June 2019 HK\$'000 (unaudited)	As at 31 December 2018 HK\$'000 (audited)
Trade payables	31,104	23,407
Other payables and accruals	53,855	37,343
Securities accounts	23,505	22,355
	<u>108,464</u>	<u>83,105</u>

Details of trade payables are as follows:

	As at 30 June 2019 HK\$'000 (unaudited)	As at 31 December 2018 HK\$'000 (audited)
Trade payables arising from securities brokerage business:		
— Cash account clients	19,509	12,837
— Margin account clients	11,595	10,570
	<u>31,104</u>	<u>23,407</u>

An aging analysis of the trade payables presented based on the transaction date, at the end of the reporting periods are as follows:

	As at 30 June 2019 HK\$'000 (unaudited)	As at 31 December 2018 HK\$'000 (audited)
0 to 60 days	7,040	1,941
61 to 90 days	4,321	1,294
Over 90 days	19,743	20,172
	<u>31,104</u>	<u>23,407</u>

The settlement term of trade payables arising from securities brokerage business is two days after the trade date while for amounts due to cash and margin account clients are repayable on demand.

Included in trade payables arising from securities brokerage business of approximately HK\$24,355,000 (at 31 December 2018: approximately HK\$23,695,000) was payable to clients and other institutions in respect of the trust bank balances received and held for clients and other institutions in the course of the conduct of the regulated activities. However, the Group does not have a currently enforceable right to offset these payables with the deposits placed. The deposits placed carry variable commercial interest rates.

## 12. LOANS PAYABLE

	As at 30 June 2019 HK\$'000 (unaudited)	As at 31 December 2018 HK\$'000 (audited)
Loans payable ( <i>Notes</i> )	<u>678,266</u>	<u>682,195</u>

### *Notes:*

At the end of the reporting period, the Group had loans payable as follows:

- (a) Loan from a financial institution with principal amount of US\$49,500,000 (equivalent to approximately HK\$386,816,000) together with the accrued interest of approximately US\$2,220,000 (equivalent to approximately HK\$17,316,000) which is interest-bearing at 14.75% per annum, guaranteed, secured by equity interest in subsidiaries of the Company and associates of the Group, charge over listed equities securities held by the Group, together with equity pledges, receivables pledge and assignment of shareholder loans and receivables provided by independent third parties, and became overdue since 18 March 2019.

The Group is in the process of negotiating with lender for extension of the loan. Up to the date of this announcement, the lender has provided a confirmative positive response and indicated that they are willing to extend the loan.

- (b) Loan from an individual who is an independent third party, with principal amount of HK\$18,000,000 together with the accrued interest of approximately HK\$3,968,000, which is interest-bearing at 12% per annum, unsecured and became overdue since 13 September 2018. The Group intends to settle the loan payable from the proceeds of the Group's rights issue which is currently undertaken.
- (c) Loan from a financial institution with principal amount of US\$35,000,000 (equivalent to approximately HK\$273,450,000) together with the accrued interest of approximately US\$214,000 (equivalent to approximately HK\$1,712,000), which is interest-bearing at 6.80% per annum, guaranteed, secured by equity interest in subsidiaries of the Group and associates of the Group, charge over listed equities securities held by the Group together with equity pledges, receivables pledge and assignment of shareholder loans and receivables provided by independent third parties. US\$5,000,000 (equivalent to HK\$39,064,000) and US\$30,000,000 (equivalent to HK\$234,386,000) are repayable in November 2019 and November 2021 respectively.

Pursuant to the loan agreement, there is an overriding repayment on demand clause that gives the lender an unconditional right at any time to require immediate payment, the balance is classified as a "Current liabilities". Notwithstanding the above repayment on demand clause, the Group does not believe that the lender will exercise the on demand right within 12 months and the loans will be repaid in accordance with the maturity dates as set out in the agreements. This evaluation was made considering the Group has made all previously scheduled repayments and, up to the date of approval of the financial statements, there is no indication from the lender that they will exercise the on demand right.

The total loan interest payable of approximately HK\$22,996,000 as at 30 June 2019 (31 December 2018: approximately HK\$19,578,000) was included in other payables and accruals.



### 13. NOTES PAYABLE

	As at <b>30 June 2019</b> <i>HK\$'000</i> (unaudited)	As at 31 December 2018 <i>HK\$'000</i> (audited)
Within 1 year ( <i>Note (i)</i> )	<b>312,596</b>	312,596
After 1 year but within 5 years ( <i>Note (ii)</i> )	<b>175,724</b>	172,959
	<b>488,320</b>	485,555

As at 30 June 2019 and 31 December 2018, the Group had notes payable as follows:

- (i) On 21 September 2017, the Company entered into a notes subscription agreement with an independent third party (the “Subscriber”) pursuant to which the Company agreed to issue, and the Subscriber agreed to subscribe for, 8% per annum notes in the principal amount of up to US\$40,000,000 (equivalent to approximately HK\$312,596,000), which is guaranteed, secured by the security interest provided by a substantial shareholder of the Company, and repayable in September 2019 (extendable to 2020 subject to mutual agreements).

The first interest payment date shall be the date falling six months from the date of the issuance of the notes and the subsequent interest payment dates shall be the dates falling every six months thereafter up to the maturity date.

In September 2017, the 8% per annum notes with principal of US\$40,000,000 were fully subscribed by the Subscriber.

The Group is in the process of negotiating with the noteholder for extension of the notes. Up to the date of approval of the condensed consolidated financial statements, the noteholder provided a confirmative positive response and indicated that they are willing to extend the notes.

- (ii) On 16 November 2018, the promissory note in the principal amount of HK\$196,000,000 was issued by the Company to Mega Ample Capital Limited (the “Vendor”), a company incorporated in the British Virgin Islands with limited liability, as consideration that the Group acquired 49% of the entire issued share capital of Multi-Fame Group from the Vendor (note 7(b)(iii)). The promissory note may be redeemed by the Company at any time by giving the noteholder with prior notice.

The details of the acquisition have been disclosed in the Company’s circular dated 25 June 2018.

On 14 December 2018, the promissory note was transferred to an independent third party with the consent of the Group.

The fair value of the promissory note at issue date was approximately HK\$172,297,000, based on the valuation performed by an independent professional valuer. The promissory note will be matured in 3 years from the issue date (the “Maturity Date”) which is 16 November 2021. The coupon interest, with 8% interest rate per annum, will be paid on the Maturity Date. The effective interest rate of the promissory note is determined to be approximately 12.15% per annum. The promissory note is classified under non-current liabilities and measured at amortised cost.

The movement of carrying amount of the promissory note is as follows:

	<i>HK\$'000</i> (unaudited)
Carrying amount upon issuance	172,297
Imputed interest expense	2,638
Accrued interest expenses	<u>(1,976)</u>
Carrying amount at 31 December 2018 and 1 January 2019	172,959
Imputed interest expense	10,540
Accrued interest expenses	<u>(7,775)</u>
Carrying amount at 30 June 2019	<u><u>175,724</u></u>

#### 14. SHARE CAPITAL

	2019		2018	
	Number of shares ( '000)	<i>HK\$'000</i> (unaudited)	Number of shares ( '000)	<i>HK\$'000</i> (audited)
Issued and fully paid:				
At 1 January 2019 and 2018	<b>1,401,917</b>	<b>2,824,801</b>	1,401,917	2,824,801
Share consolidation ( <i>Note</i> )	<u>(1,261,725)</u>	<u>–</u>	<u>–</u>	<u>–</u>
At 30 June 2019 and 31 December 2018	<u><b>140,192</b></u>	<u><b>2,824,801</b></u>	<u>1,401,917</u>	<u>2,824,801</u>

*Note:* The share consolidation of every ten ordinary shares in the issued share capital of the Company into one consolidated share was effective on 29 March 2019. Details of the share consolidation are set out in the circular of the Company dated 8 March 2019.

## **AN EXTRACT FROM REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION**

The Company's auditor has modified its review conclusion on the Group's interim financial report for the six months ended 30 June 2019, an extract of which is as follows:

### **“Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

### **Material Uncertainties Related to Going Concern**

We draw attention to note 1 to the unaudited condensed consolidated interim financial statements, which describes that the Group incurred a net loss of approximately HK\$70,868,000 for the six months ended 30 June 2019 and, as of that date, the Group's current liabilities exceeded its current assets by approximately HK\$173,545,000. As at 30 June 2019, the Group had loan of HK\$18,000,000 which has been overdue since September 2018, loan of US\$49,500,000, equivalent to approximately HK\$386,816,000, which has been overdue since mid-March 2019 and loan from financial institution and note payable of US\$45,000,000, equivalent to approximately HK\$351,660,000, which will mature or require payment in the year ending 31 December 2019.

Notwithstanding the above, the unaudited condensed consolidated interim financial statements have been prepared on a going concern basis, the validity of which is dependent on the granting of the extension on the maturity dates of the loans to the Group and obtaining alternative sources of external funding in order for the Group to meet its financial obligations as they fall due. These conditions create a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.”

### **INTERIM DIVIDEND**

The Company had no distributable reserve as at 30 June 2019. The Board has resolved not to declare an interim dividend for the six months ended 30 June 2019 (2018: Nil).

### **INTERIM RESULTS**

GT Group Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) recorded a loss attributable to the Company's shareholders of approximately HK\$70,868,000 for the six months ended 30 June 2019 (2018: approximately HK\$333,582,000) and loss per share was approximately HK\$0.45 (2018: approximately HK\$2.14 (restated)). Such improvement was due mainly to a decrease in net realised loss of approximately HK\$274,000 and increase in unrealised gain of approximately HK\$14,462,000 on financial assets at fair value through profit or loss from the Group's securities investment operation for the six months ended 30 June 2019 as compared to net realised loss and unrealised loss of approximately of HK\$143,587,000 and HK\$105,141,000 respectively for the six months ended 30 June 2018.

## **BUSINESS REVIEW**

During the period under review, the Group's businesses included brokerage and securities businesses, provision of finance, property development and trading of goods. The Group recorded a turnover of approximately HK\$26,197,000 (2018: negative turnover of approximately HK\$120,344,000) with gross profit of approximately HK\$25,682,000 (2018: gross loss of approximately HK\$120,448,000). Such improvement in turnover and gross profit were primarily attributable to the decrease in net realised loss on investment in securities of approximately HK\$274,000 (2018: approximately HK\$143,587,000) from the Group's securities investment operation.

### **Financing Operation**

The interest income and operating profit generated by the financing operation were approximately HK\$26,068,000 (2018: approximately HK\$22,268,000) and approximately HK\$20,081,000 (2018: approximately HK\$19,943,000) respectively. Such an improvement was primarily attributable to a higher average balance of loans advanced to customers as compared to that of the last corresponding period. It is the Group's policy to adopt a prudent approach and regularly review the composition of the loan portfolio and lending rates charged in order to maximise the return of the operation.

### **Brokerage and Securities Investment Operation**

Taking into account the brokerage commission income and the net realised gain or loss on the securities investment of the Group's securities brokerage division, a turnover of approximately HK\$140,000 was recorded for the period under review (2018: negative turnover of approximately HK\$142,504,000). Such improvement in turnover was caused by the decrease in a net realised loss on investment in securities of approximately HK\$274,000 (2018: approximately HK\$143,587,000) during the period under review.

The overall performance of this operation for the period under review recorded a profit of approximately HK\$10,741,000 (2018: loss of approximately HK\$252,710,000), mainly as a result of the recognition of an unrealised gain on investment in securities amounting to approximately HK\$14,462,000 (2018: unrealised loss on investment in securities of approximately HK\$105,141,000). Such unrealised gain on investment in securities was attributable to the increase in the market price of listed securities held by the Group for investment purpose. As at 30 June 2019, the market value of the Group's listed securities portfolio amounted to approximately HK\$479,830,000 (at 31 December 2018: approximately HK\$467,244,000).

The Board would like to inform shareholders of the Company that all financial assets at fair value through profit or loss held as at 30 June 2019 represented shares listed in Hong Kong and the relevant information of the Group's financial assets at fair value through profit or loss which amounted to approximately HK\$479,830,000 as at 30 June 2019 is summarised below:

<b>Name of Securities</b>	<b>% of shareholding in the listed securities held by the Group as at 30 June 2019</b>	<b>Unrealised gain/ (loss) on financial assets at fair value through profit or loss for the six months ended 30 June 2019 HK\$'000</b>	<b>Fair value of the investment in listed securities as at 30 June 2019 HK\$'000</b>
China Shandong Hi-Speed Financial Group Limited (stock code: 412)	2.65%	6,476	210,463
Imperial Pacific International Holdings Limited (stock code: 1076)	0.30%	67,425	90,480
SFund International Holdings Limited (stock code: 1367)	2.41%	(6,290)	48,305
CAA Resources Limited (stock code: 2112)	1.95%	(292)	42,016
China Smarter Energy Group Holdings Limited (stock code: 1004)	1.15%	(50,165)	36,140
Others		(2,692)	52,426
<b>Total</b>		<b>14,462</b>	<b>479,830</b>

The Hong Kong stock market has been volatile during the period and the Board envisages that the performance of the equities (and thus their values) will be susceptible to external factors. In order to mitigate possible financial risks related to the equities, the Group will further review the Group's investment portfolio and closely monitor the performance of the listed securities from time to time.

### Trading Operation

The Group's trading operation remained inactive and did not generate any turnover for the period under review (2018: Nil). Although the Group has been placing its focus in the development of its other businesses in the past period, yet it will continue to explore suitable business opportunities on trading in the future.

In 2018, the Group completed the acquisition of 49% of the entire issued share capital of Multi-Fame Group Limited ("Multi-Fame" and together with its subsidiary, "Multi-Fame Group") from vendor at the consideration of HK\$196,000,000. Multi-Fame Group is principally engaged in trading of the computers and its peripherals, and is an authorised distributor of computer products for Lenovo and a retailer of baby care products on JD.com. It is also a distributor of computer products of Founder in the PRC. Upon completion, Multi-Fame Group became associated companies of the Group. The Board considered that the acquisition can strengthen our trading business.

The turnover of Multi-Fame Group reached approximately HK\$880,766,000 for the six months ended 30 June 2019 mainly as a result of the trading of computers and related peripherals by Multi-Fame Group, and the proportionate share of profit and the portion of the total comprehensive income of Multi-Fame Group equity accounted by the Group was approximately HK\$3,683,000 for the six months ended 30 June 2019.

## **Property Development**

The Group's property development business comprises of 40% of the total issued share capital of China Sky Holdings Limited ("China Sky" and together with its subsidiaries, "China Sky Group"). China Sky Group is principally engaged in the business of development and construction of two property development projects in Chongqing, the PRC.

### *1. Jintang Project (as defined hereinunder)*

The first property development project comprises a residential and commercial complex known as "Jintang New City Plaza\*" 金唐新城市廣場 ("Jintang Project"), which is situated at Long Tower Street in the west southern part of the Yubei Zone, Chongqing City (重慶市渝北區西南部龍塔街道) in the PRC with a site area of approximately 30,817 square meters. The total gross floor areas for residential use is about 54,000 square meters; for shopping mall is about 36,000 square meters; for office premises is about 41,000 square meters; for car parking areas and other uses is about 57,000 square meters. The term for the grant of the land use right of the land is 52 years for the residential portion and 22 years for the commercial portion.

The construction of Jintang Project has been completed.

### *2. Tanzishi Project (as defined hereinunder)*

The second property development project comprises five parcels of land with a total site area of approximately 72,559 square meters and ("Tanzishi Project"). Pursuant to a co-operation agreement entered into between 重慶金唐房地產開發有限公司 ("金唐公司"), a subsidiary of China Sky, and an independent third party (the "Party B"), Party B would provide the five parcels of land for the development of the project (the "Land") and 金唐公司 would provide and arrange financing for the development of the project. It was planned that the Land will be developed into several commercial and residential buildings with a total planned gross floor area of approximately 463,357 square meters.

The turnover of China Sky Group was approximately HK\$23,839,000 (2018: approximately HK\$43,474,000) mainly as a result of the sales of property units by China Sky Group and the total comprehensive expense of China Sky Group shared by the Group was approximately HK\$12,310,000 for the period under review (2018: approximately HK\$24,323,000).

\* For identification purposes only

In view of the legal disputes (mentioned in annual report 2018) that are taking place over Tanzishi Project and the Group has made full impairment of China Sky Group's investment over Tanzishi Project, subject to the completion of acquisition of the entire issued share capital of Well City Enterprises Limited as discussed under the heading "Material Acquisition and Disposal" below, the Group expects that the income to be generated on property development will mainly be derived from the sale of the remaining properties units of Jintang Project by China Sky Group in the coming year.

## **FINANCIAL REVIEW**

### **Liquidity, Financial Resources and Capital Structure**

At 30 June 2019, the Group had current assets of approximately HK\$935,744,000 (at 31 December 2018: approximately HK\$976,341,000) and liquid assets comprising bank balances and marketable Hong Kong listed securities totaling approximately HK\$499,664,000 (excluding bank balances held under segregated trust accounts) (at 31 December 2018: approximately HK\$490,138,000). The Group's current ratio, calculated on the basis of current assets of approximately HK\$935,744,000 (at 31 December 2018: approximately HK\$976,341,000) over current liabilities of approximately HK\$1,109,289,000 (at 31 December 2018: approximately HK\$1,077,896,000), decreased to 0.84 from 0.91 as at 31 December 2018.

As at 30 June 2019, the Group had total loans payable of approximately HK\$1,166,586,000 (2018: approximately HK\$1,167,750,000) with the interest rate of between 6.8% to 14.75% per annum and lease liabilities of approximately HK\$20,621,000 (2018: Nil).

The Group recorded a net current liabilities of approximately HK\$173,545,000 as at 30 June 2019, which was mainly due to a 3-years term-loan with principal amount of US\$35,000,000 (equivalent to approximately HK\$273,450,000) (the "Loan"), containing a repayment on demand clause has classified as current liabilities, although the repayment terms stated that US\$5,000,000 will repayable in November 2019 and US\$30,000,000 will be repayable in November 2021 respectively. Notwithstanding the above repayment on demand clause, the Group do not believe that the lender will exercise the on demand right within 12 months and the loans will be repaid in accordance with the maturity dates as set out in the agreements. This evaluation was made considering: the Group has made all previously scheduled repayments and, up to the date of approval of the condensed consolidated financial statements, there is no indication from the lender that they will exercise on demand right. In accordance with the terms of the Loan, the repayment terms are US\$5,000,000 (equivalent to approximately HK\$39,064,000) to be repaid in November 2019 and US\$30,000,000 (equivalent to approximately HK\$234,386,000) in November 2021 respectively. Thus, in essence, if the Loan is considered as a long-term loan, the Group will record current assets of approximately HK\$935,744,000, current liabilities of approximately HK\$874,903,000 and net current assets of approximately HK\$60,841,000.



Moreover, the Group is in the process of negotiating with the lender of a loan amounted US\$49,500,000 (equivalent to approximately HK\$386,815,000) and the noteholder of the notes payable amounted US\$40,000,000 (equivalent to approximately HK\$312,596,000) for extension of the maturity dates of the loans. Up to the date of approval of the condensed consolidated financial statements, both of them have provided a confirmative positive response and indicated that they are willing to extend the maturity dates of the loans.

As at 30 June 2019, the Group had total liabilities of approximately HK\$1,299,017,000 (at 31 December 2018: approximately HK\$1,254,657,000). The gearing ratio (calculated as total liabilities divided by total equity) was approximately 2,187.78% as at 30 June 2019 (at 31 December 2018: approximately 956.52%).

At the end of the review period, the equity attributable to the Company's shareholders amounted to approximately HK\$59,376,000 (at 31 December 2018: approximately HK\$131,169,000), and the condensed consolidated net asset value was approximately HK\$0.42 per share of the Company (at 31 December 2018: approximately HK\$0.94 per share (restated)).

## **Capital Structure**

References are made to the announcements and circular of the Company dated 15 January 2019, 6 March 2019, 8 March 2019, 28 March 2019, 11 April 2019, 15 April 2019, 26 April 2019 and 3 June 2019. Terms used hereinafter shall have the same meaning as defined in the above announcements and circular.

On 15 January 2019, the Company put forward a proposal to the shareholders of the Company to effect the share consolidation which involved the consolidation of every ten (10) issued shares into one (1) consolidated share. Conditional upon the share consolidation becoming effective, the Company proposed to raise gross proceeds of approximately HK\$314.03 million (before expenses) on the basis of four (4) rights shares for every one (1) consolidated share held on the record date by issuing 560,766,708 rights shares at the subscription price of HK\$0.56 per rights share.

On 28 March 2019, the ordinary resolutions to approve the share consolidation and rights issue were duly passed by way of poll at the EGM. The share consolidation became effective on 29 March 2019.

Reference is made to the announcement dated 3 June 2019, the despatch date of the prospectus documents will be further postponed. An announcement regarding the new despatch date and further revised expected timetable in relation to the rights issues will be made by the Company as soon as practicable.



## **Foreign Currency Management**

The monetary assets and liabilities and business transactions of the Group are mainly carried and conducted in Hong Kong dollars, Renminbi, US dollars and Australian dollars. The Group maintains a prudent strategy in its foreign currency risk management, and to a large extent, foreign exchange risks are minimised via balancing the foreign currency monetary assets versus the corresponding currency liabilities, and foreign currency revenues versus the corresponding currency expenditures. In light of the above, it is considered that the Group's exposure to foreign exchange risks is not significant and no hedging measure has been undertaken and is considered necessary by the Group.

## **Pledge of Assets**

As at 30 June 2019, the Group has pledged the financial assets at fair value through profit or loss with aggregate carrying amount of approximately HK\$426,840,000 (at 31 December 2018: approximately HK\$406,517,000) to securities brokers and two financial institutions to secure certain margin financing and loans granted to the Group. The equity interests of associates with an aggregate carrying amount of approximately HK\$383,172,000 (at 31 December 2018: approximately HK\$389,888,000) were also pledged to secure loans from two financial institutions.

## **Capital Commitment**

The Group had no capital commitment as at 30 June 2019 (at 31 December 2018: Nil).

## **Contingent Liability**

A subsidiary of the Company, which is principally engaged in securities brokerage business, may be subject to a maximum penalty of HK\$10,000,000 payable to the enforcement agency in relation to certain allegedly irregular transactions conducted by a former employee of the subsidiary. The matter is currently investigated by the enforcement agency. As the ultimate outcome of the matter cannot be reasonably predicted, it is reasonable for the Group to assume that the contingent liability of this case will have maximum penalty of HK\$10,000,000.

In addition, the subsidiary of the Company may also found liable to certain third parties for an aggregate amount of approximately HK\$8,000,000. In 2016, the Group obtained legal opinion from law firms in Hong Kong and the PRC which considered that the causes of action of the individuals in the above matter are time-barred and the time limitation had lapsed by 31 December 2016.

In the opinion of the directors of the Company, it is not probable that the individuals will issue claims against the Group. The possible claims of HK\$8,000,000 was disclosed as contingent liabilities as at 30 June 2019.

As explained above, the Group is subject to possible claims of HK\$8,000,000 and a possible maximum penalty of HK\$10,000,000 in respect of allegedly irregular transactions conducted by the former employee in prior years.

## **MATERIAL ACQUISITION AND DISPOSAL**

References are made to the announcements and circular of the Company dated 7 August 2017, 14 September 2017, 12 October 2017, 17 October 2017, 15 November 2017, 29 November 2017, 15 December 2017, 29 December 2017, 31 January 2018, 28 February 2018, 1 March 2018, 29 March 2018, 30 April 2018, 31 May 2018, 4 June 2018, 4 July 2018, 15 August 2018, 7 November 2018 and 1 February 2019. Terms used hereinafter shall have the same meaning as defined in the above announcements and circular.

On 7 August 2017, an indirect wholly-owned subsidiary of the Company has entered into the Acquisition Agreement as amended by two supplemental agreements with the Vendor in relation to the Acquisition of the Sale Shares and the Sale Indebtedness at the total consideration of HK\$130,000,000. The Consideration will be settled by the issuance of the promissory note by the Company to the Vendor upon Completion. The scope of business of the Target Group is included but not limited to property development, property leasing and ocean tourism project development in China.

On 4 July 2018, the ordinary resolution to approve the acquisition, as set out in the notice of extraordinary general meeting dated 31 May 2018, was duly passed by way of poll at the extraordinary general meeting of the Company.

The Acquisition will be completed upon for fulfillment of certain conditions.

Details of the Acquisition are set out in the circular of the Company dated 31 May 2018.

Save as disclosed above, there was no other material acquisition and disposal during the six months ended 30 June 2019.

## **BUSINESS PROSPECTS**

The Group expects that the global economic growth for the remaining part of 2019 will remain subdued. Downside risks have intensified since 2018. Contributing factors include the trade war between United States and China, as well as the recent increased political instability in Hong Kong. Global technology supply chains were threatened by the prospect of US sanctions, Brexit-related uncertainty continued, and rising geopolitical tensions roiled energy prices. Taking these views into consideration, the Group will adopt a prudent approach in identifying and considering its investment opportunities in second half of 2019 and the coming year. The Company's strategy will continue to identify suitable and/or attractive investment opportunities for further expansion of its existing businesses, such as money-lending, securities investment and enhancement of margin loans for its securities brokerage business and property development.

## **EVENT AFTER THE END OF THE REPORTING PERIOD**

There was no significant event took place subsequent to the end of the reporting period.

## **CORPORATE GOVERNANCE**

In the opinion of the Directors, the Company has complied with the code provisions of the Corporate Governance Code (the “CG Code”) and Corporate Governance Report as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”) throughout the six months ended 30 June 2019 except for the code provision A.2.1 of the CG Code, the Company does not have any individual with the title of Chief Executive Officer (“CEO”), the chairman of the Company is Mr. Li Dong, who is responsible for overseeing all Board functions, while the role of CEO is performed collectively by the executive directors of the Company (excluding Mr. Li Dong) and senior management of the Company to overseeing the day-to-day operation of the Group and implementing the strategies and policies approved by the Board. The Board considers that under the current arrangement, the balance of power and authority is ensured by the operations of the Board, which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting operations of the Group.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by directors. All Directors have confirmed, following specific enquiry by the Company, that they have fully complied with the required standard set out in the Model Code throughout the six months ended 30 June 2019.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SHARES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed shares during the six months ended 30 June 2019.

## **REVIEW OF INTERIM REPORT**

The audit committee of the Company (the “Audit Committee”) comprises three independent non-executive directors of the Company. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed the financial reporting matters including the review of the unaudited interim financial information. There is no disagreement between the Board and the Audit Committee regarding the accounting treatment adopted by the Group.

The interim results for the six months ended 30 June 2019 has not been audited but has been reviewed by Pan-China (H.K.) CPA Limited, the auditors of the Company, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

## **PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT**

The interim results announcement is available for viewing on the website of Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and on the website of the Company ([www.gtghl.com](http://www.gtghl.com)). The interim report of the Company for the six months ended 30 June 2019 will be despatched to the shareholders of the Company and will be published on the same websites in due course.

By order of the Board  
**GT GROUP HOLDINGS LIMITED**  
**Ng Shin Kwan, Christine**  
*Executive Director*

Hong Kong, 26 August 2019

*As at the date of this announcement, the Board comprises four Executive Directors, namely Mr. Li Dong (Chairman), Ms. Ng Shin Kwan, Christine, Mr. Chan Ah Fei and Mr. Liang Shan and three Independent Non-executive Directors, namely Dr. Wong Yun Kuen, Mr. Wong Shun Loy and Mr. Hu Chao.*