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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 2020**

**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 2020 together with comparative figures as follows:

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

*For the six months ended 30 June 2020*

|   | Notes | Six months ended 30 June        |                                 |
|---|-------|---------------------------------|---------------------------------|
|   |       | 2020<br>HK\$'000<br>(unaudited) | 2019<br>HK\$'000<br>(unaudited) |
| Turnover  | 3     | 12,931                          | 29,136                          |
| Cost of sales   |       | (1,578)                         | (515)                           |
| Gross profit  |       | 11,353                          | 28,621                          |
| Unrealised gain on financial assets at<br>fair value through profit or loss   |       | 56,802                          | 14,462                          |
| Other income  | 4     | 10,243                          | 3,777                           |
| Share of loss of associates   | 7     | (580)                           | (8,046)                         |
| Provision for the Group’s investment in<br>interests in associates            | 7     | (164,607)                       | –                               |
| Loss allowance on loans receivable  |       | (22,111)                        | (6,111)                         |
| Loss allowance on accounts and other receivables                              |       | (9,511)                         | –                               |
| Impairment loss on property, plant and equipment                              |       | (1,616)                         | –                               |
| Administrative expenses   |       | (21,578)                        | (39,022)                        |
| Finance costs   |       | (103,706)                       | (65,005)                        |
| Loss before taxation  |       | (245,311)                       | (71,324)                        |
| Income tax (expenses)/credit  | 5     | (2,044)                         | 456                             |
| <b>Loss for the period, attributable to<br/>equity holders of the Company</b> | 4     | <b>(247,355)</b>                | <b>(70,868)</b>                 |
|   |       | <b>Six months ended 30 June</b> | <b>2019</b>                     |
|   |       | <b>2020</b>                     | <b>(unaudited)</b>              |
|   |       | <b>(unaudited)</b>              | <b>(restated)</b>               |
| <b>Loss per share</b>   |       |                                 |                                 |
| — Basic and diluted (HK\$ per share)  | 6     | <b>(1.70)</b>                   | <b>(0.51)</b>                   |

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

*For the six months ended 30 June 2020*

|  | <b>Six months ended 30 June</b> |                        |
|--|---------------------------------|------------------------|
|  | <b>2020</b>                     | 2019                   |
| <i>Notes</i>   | <i>HK\$'000</i>                 | <i>HK\$'000</i>        |
|  | <b>(unaudited)</b>              | <b>(unaudited)</b>     |
| <b>Loss for the period</b>   | <u><b>(247,355)</b></u>         | <u>(70,868)</u>        |
| <b>Other comprehensive income</b>  |                                 |                        |
| <i>Items that may be subsequently reclassified to<br/>profit or loss:</i>                            |                                 |                        |
| Exchange differences arising on<br>translation of overseas operations                                | (10)                            | (344)                  |
| Share of other comprehensive income/(expense)<br>of associates                                       | 7 <u>2,236</u>                  | <u>(581)</u>           |
| Other comprehensive income/(expense) for<br>the period (net of tax)                                  | <u>2,226</u>                    | <u>(925)</u>           |
| <b>Total comprehensive expense for the period,<br/>attributable to equity holders of the Company</b> | <u><u><b>(245,129)</b></u></u>  | <u><u>(71,793)</u></u> |

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 June 2020*

|   |              | As at<br><b>30 June<br/>2020</b>      | As at<br>31 December<br>2019        |
|---|--------------|---------------------------------------|-------------------------------------|
|   | <i>Notes</i> | <i>HK\$'000</i><br><b>(unaudited)</b> | <i>HK\$'000</i><br><b>(audited)</b> |
| <b>Non-current assets</b>                             |              |                                       |                                     |
| Property, plant and equipment                         |              | <b>2,250</b>                          | 2,378                               |
| Interests in associates                               | 7            | <b>199,393</b>                        | 362,344                             |
| Prepayment  |              | <b>500</b>                            | 500                                 |
| Other assets  |              | <b>205</b>                            | 2,205                               |
| Trading right   |              | –                                     | –                                   |
| Long-term loans receivable                            | 9            | <b>10,452</b>                         | 15,254                              |
|   |              | <b>212,800</b>                        | 382,681                             |
| <b>Current assets</b>                                 |              |                                       |                                     |
| Accounts and other receivables                        | 8            | <b>25,518</b>                         | 39,489                              |
| Short-term loans receivable                           | 9            | <b>114,609</b>                        | 140,698                             |
| Financial assets at fair value through profit or loss |              | <b>390,335</b>                        | 337,849                             |
| Bank balances held under segregated trust accounts    |              | <b>15,636</b>                         | 38,515                              |
| Bank balances and cash                                |              | <b>15,483</b>                         | 21,096                              |
|   |              | <b>561,581</b>                        | 577,647                             |
| <b>Current liabilities</b>                            |              |                                       |                                     |
| Trade and other payables                              | 10           | <b>226,215</b>                        | 171,684                             |
| Loans payable   | 11           | <b>669,664</b>                        | 678,266                             |
| Notes payable   | 12           | <b>310,019</b>                        | 312,596                             |
| Lease liabilities                                     |              | <b>9,238</b>                          | 9,126                               |
|   |              | <b>1,215,136</b>                      | 1,171,672                           |
| <b>Net current liabilities</b>                        |              | <b>(653,555)</b>                      | (594,025)                           |
| <b>Total assets less current liabilities</b>          |              | <b>(440,755)</b>                      | (211,344)                           |

|  |    | As at<br>30 June<br>2020<br><i>HK\$'000</i><br>(unaudited) | As at<br>31 December<br>2019<br><i>HK\$'000</i><br>(audited) |
|--|----|--|--|
| <b>Non-current liabilities</b>               |    |  |  |
| Notes payable                                | 12 | 208,035  | 196,182  |
| Deferred tax liabilities                     |    | 4,927  | 2,883  |
| Lease liabilities                            |    | 3,112  | 6,730  |
|  |    | <u>216,074</u>   | <u>205,795</u>   |
| <b>Net liabilities</b>                       |    | <u>(656,829)</u>   | <u>(417,139)</u>   |
| <b>Capital and reserves</b>                  |    |  |  |
| Share capital                                | 13 | 2,830,240  | 2,824,801  |
| Reserves                                     |    | (3,487,069)  | (3,241,940)  |
|  |    | <u>(656,829)</u>   | <u>(417,139)</u>   |
| Equity attributable to owners of the Company |    | (656,829)  | (417,139)  |
| Non-controlling interests                    |    | —  | —  |
| <b>Total deficit</b>                         |    | <u>(656,829)</u>   | <u>(417,139)</u>   |

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 2020*

### 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 2019 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 2019 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 modified; contained a disclaimer opinion regarding the doubt about the Company’s ability to continue as a going concern; and did not contain a statement under section 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

#### **Going Concern Basis**

The unaudited condensed consolidated interim financial statements depict the Group incurred a net loss of approximately HK\$247,355,000 for the six months ended 30 June 2020 and, as of that date, the Group’s current liabilities exceeded its current assets by approximately HK\$653,555,000. Its total loans payables and notes payable amounted to approximately HK\$1,187,718,000, out of which approximately HK\$975,183,000 has been overdue. The Directors are of the opinion that the Group will have sufficient working capital to meet its financial obligations and taken the following measures in order to improve the working capital and liquidity and cash flow position of the Group.

#### *(a) Loans and notes payable*

For the overdue loans payable and notes payable, the Group will continue to negotiate with loan lenders and the noteholder for extension of the liabilities and/or debt restructuring.

#### *(b) Money lending and trading business*

The Group has been urging the customers of its money lending segment to settle all overdue loans. During the period, the Group received approximately HK\$24,000,000 from some of these customers and has applied such proceeds to settle part of the loan and interest payables and be used as working capital of the Group. It is expected that the Group will receive more loan repayments from the customers in the second half of year 2020. The Group intends to apply such proceeds to settle the outstanding loans and/or note payables and/or be used as working capital of the Group.

The Group’s trading operation has resumed in the second half of 2019 and the turnover of the trading operation for the period has already exceeded the volume of year 2019. The Group expects that the trading operation will continue to expand in the coming future.

(c) *Future financing*

The Group is actively considering all possible fund-raising exercises and/or obtaining new loan facility with an aim to finance the loans and interest repayments. The Group completed a placing of new shares in May 2020 and raised approximately HK\$5,420,000 (net of expenses) to fund its working capital. As at the date of this announcement, the Group has not yet entered into any memorandum, arrangement or agreement about the aforesaid plan. Subject to the approval from The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and market conditions, it is expected that the Group will conduct such fund-raising activity in the near future, possibly before the end of 2020.

(d) *Cost-saving/reduction*

Management of the Company has been reviewing the costs (staffing, administrative and otherwise) of various operations and departments with a view to cut costs and/or expenses that are unnecessary and control and/or reduce any other operating costs and/or expenses while the Group is able to maintain the existing operations. For the six months ended 30 June 2020, the Group was able to achieve a reduction of approximately 45% on administrative expenses. The Group strives to continue managing its operation with appropriate cost measures and anticipates further saving on costs of staffing, administrative and otherwise can be achieved in the coming year.

Taking all of the above measures and/or actions into consideration, the Board considers and is confident that the Group will have sufficient liquidity to finance its operations for the next twelve months and therefore is of the view that the Group would be able to continue its businesses and operations as a going concern and the going concern issue will be fully resolved in the immediate future.

## 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.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) and application of certain accounting policies which became relevant to the Group, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2020 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2019.

### **Application of amendments to HKFRSs**

In the current interim period, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the Group’s condensed consolidated financial statements:

|  |                                |
|--|--------------------------------|
| Amendments to HKAS 1 and HKAS 8            | Definition of Material         |
| Amendments to HKFRS 3                      | Definition of a Business       |
| Amendments to HKFRS 9, HKAS 39 and HKFRS 7 | Interest Rate Benchmark Reform |

## **Early adoption of amendments to HKFRSs**

The following amendments to HKFRSs, which is applicable to the Group but are not yet effective for the current year, have been early adopted in current year:

HKFRS 16 (Amendments)

COVID-19-Related Rent Concession

Except as described below, the application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current interim period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

### **Impacts of application on Amendments to HKAS 1 and HKAS 8 “Definition of Material”**

The amendments provides a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current period had no impact on the condensed consolidated financial statements. Changes in presentation and disclosures on the application of the amendments, if any, will be reflected on the consolidated financial statements for the year ending 31 December 2020.

### **HKFRS 16 (Amendments) COVID-19-Related Rent Concession**

Rent concessions relating to lease contracts that occurred as a direct consequence of the COVID-19 pandemic, the Group has elected to apply the practical expedient not to assess whether the change is a lease modification if all of the following conditions are met:

- (a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (b) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- (c) there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 “Leases” if the changes were not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

The Group has early applied the amendment in the current interim period. The application has no impact to the opening retained earnings at 1 January 2020. The Group recognised change in lease payments that resulted from rent concessions of approximately HK\$326,000 in the profit or loss for current interim period.

### 3. TURNOVER AND SEGMENT INFORMATION

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

|  | Six months ended 30 June        |                                 |
|--|---------------------------------|---------------------------------|
|  | 2020<br>HK\$'000<br>(unaudited) | 2019<br>HK\$'000<br>(unaudited) |
| Revenue from contracts with customers                          |                                 |                                 |
| — Commission and brokerage income                              | 99                              | 403                             |
| — Sales of goods   | 1,599                           | —                               |
|  | 1,698                           | 403                             |
| Revenue from other sources                                     |                                 |                                 |
| — Interest income from provision of finance ( <i>Note</i> )    |                                 |                                 |
| Non-credit impaired advances                                   | 849                             | 26,068                          |
| Credit impaired advances                                       | 9,471                           | —                               |
|  | 10,320                          | 26,068                          |
| — Interest income from margin and cash clients ( <i>Note</i> ) |                                 |                                 |
| Non-credit impaired advances                                   | 157                             | 2,939                           |
| Credit impaired advances                                       | 1,056                           | —                               |
|  | 1,213                           | 2,939                           |
| — Net results from securities trading*                         | (300)                           | (274)                           |
|  | 11,233                          | 28,733                          |
|  | 12,931                          | 29,136                          |

\* Represented the proceeds from the sale of investments at fair value through profit or loss of approximately HK\$4,031,000 (2019: approximately HK\$3,919,000) less cost of sales and the weighted average cost of the investments sold of approximately HK\$4,331,000 (2019: approximately HK\$4,193,000).

*Note:* At the beginning of the current reporting period, certain loans and accounts receivables were classified as credit-impaired financial assets, consequently, according to the requirements of HKFRS 9, the Group applied credit-adjusted effective interest rate on these loans and accounts receivables which had led to a significant decrease in interest income. Should the loans and accounts receivables not being classified as credit-impaired under the applicable accounting standard, the total interest income from provision of finance and total interest income from margin and cash clients would have been amounted to approximately HK\$22,316,000 and approximately HK\$2,412,000 respectively for the six months ended 30 June 2020.

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 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 of 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 2020

|   | Trading<br>of goods<br>HK\$'000<br>(unaudited) | Provision<br>of finance<br>HK\$'000<br>(unaudited) | Brokerage<br>and<br>securities<br>investment<br>HK\$'000<br>(unaudited) | Elimination<br>HK\$'000<br>(unaudited) | Total<br>HK\$'000<br>(unaudited) |
|---|--|--|---|--|----------------------------------|
| <b>TURNOVER</b>   |  |  |   |  |                                  |
| External sales  | 1,599  | 10,320   | 1,012   | –                                      | 12,931                           |
| Inter-segment sales*  | –  | –  | 1   | (1)                                    | –                                |
| Total   | <u>1,599</u>                                   | <u>10,320</u>                                      | <u>1,013</u>  | <u>(1)</u>                             | <u>12,931</u>                    |
| <b>RESULTS</b>  |  |  |   |  |                                  |
| Segment results   | 18   | (8,505)  | 39,411  | –                                      | 30,924                           |
| Unallocated income  |  |  |   |  | 9,025                            |
| Unallocated corporate expenses  |  |  |   |  | (16,367)                         |
| Finance costs   |  |  |   |  | (103,706)                        |
| Share of loss of associates   |  |  |   |  | (580)                            |
| Provision for the Group's<br>investment in interests<br>in associates |  |  |   |  | <u>(164,607)</u>                 |
| Loss before taxation  |  |  |   |  | (245,311)                        |
| Income tax expenses   |  |  |   |  | <u>(2,044)</u>                   |
| Loss for the period   |  |  |   |  | <u><u>(247,355)</u></u>          |

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

Six months ended 30 June 2019

|                                | Trading<br>of goods<br><i>HK\$'000</i><br>(unaudited) | Provision<br>of finance<br><i>HK\$'000</i><br>(unaudited) | Brokerage<br>and<br>securities<br>investment<br><i>HK\$'000</i><br>(unaudited) | Elimination<br><i>HK\$'000</i><br>(unaudited) | Total<br><i>HK\$'000</i><br>(unaudited) |
|--------------------------------|---|---|--|---|---|
| <b>TURNOVER</b>                |   |   |  |   |   |
| External sales                 | –   | 26,068  | 3,068  | –   | 29,136                                  |
| Inter-segment sales*           | –   | –   | 73   | (73)  | –                                       |
|                                | <u>–</u>  | <u>–</u>  | <u>73</u>  | <u>(73)</u>                                   | <u>–</u>                                |
| Total                          | <u>–</u>  | <u>26,068</u>   | <u>3,141</u>   | <u>(73)</u>                                   | <u>29,136</u>                           |
| <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)                                 |
|                                |   |   |  |   | <u>(71,324)</u>                         |
| Loss before taxation           |   |   |  |   | (71,324)                                |
| Income tax credit              |   |   |  |   | 456                                     |
|                                |   |   |  |   | <u>456</u>                              |
| Loss for the period            |   |   |  |   | <u>(70,868)</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>2020</b>                     | 2019            |
|   | <i>HK\$'000</i>                 | <i>HK\$'000</i> |
|   | <b>(unaudited)</b>              | (unaudited)     |
| <b>Loss for the period has been arrived at after charging:</b>  |                                 |                 |
| Staff costs including directors' emoluments                     | <b>12,000</b>                   | 12,623          |
| Retirement benefits schemes contributions                       | <b>466</b>                      | 398             |
|   | <hr/>                           | <hr/>           |
| Total staff costs   | <b>12,466</b>                   | 13,021          |
|   | <hr/>                           | <hr/>           |
| Depreciation of property, plant and equipment                   | <b>388</b>                      | 580             |
| Impairment loss on property, plant and equipment                | <b>1,616</b>                    | –               |
| Loss on disposal of property, plant and equipment               | <b>10</b>                       | –               |
| Loss allowance on loans receivable                              | <b>22,111</b>                   | 6,111           |
| Loss allowance on accounts and other receivables                | <b>9,511</b>                    | –               |
| Share of loss of associates                                     | <b>580</b>                      | 8,046           |
| Provision for the Group's investment in interests in associates | <b>164,607</b>                  | –               |
|   | <hr/> <hr/>                     | <hr/> <hr/>     |
| <b>and after crediting:</b>                                     |                                 |                 |
| Bank interest income  | <b>1</b>                        | 10              |
| Other interest income   | –                               | 1               |
| Dividend income   | <b>20</b>                       | –               |
| Foreign exchange gain, net                                      | <b>7,895</b>                    | –               |
| Government grant  | <b>1,279</b>                    | –               |
| Rent concession income  | <b>326</b>                      | –               |
| Reversal of loss allowance on accounts and other receivables    | –                               | 478             |
| Reversal of loss allowance on interests in associates           | –                               | 1,911           |
| Sundry income   | <b>722</b>                      | 1,377           |
|   | <hr/>                           | <hr/>           |
| Total other income  | <b>10,243</b>                   | 3,777           |
|   | <hr/> <hr/>                     | <hr/> <hr/>     |

## 5. INCOME TAX (EXPENSES)/CREDIT

|  | Six months ended 30 June        |                                 |
|--|---------------------------------|---------------------------------|
|  | 2020<br>HK\$'000<br>(unaudited) | 2019<br>HK\$'000<br>(unaudited) |
| Income tax (expenses)/credit comprise: |                                 |                                 |
| — Current tax                          | —                               | —                               |
| — Deferred tax                         | (2,044)                         | 456                             |
|  | <u>(2,044)</u>                  | <u>456</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.

The consolidation of shares was effective already on 29 March 2019, but the proposed rights issue was lapsed on 31 August 2019.

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 for the six months ended 30 June 2019 in the condensed consolidated financial statements for that period.

However, as the proposed rights issue was then lapsed eventually, the effect of bonus element of the rights issue shall not be included in the calculation of basic and diluted loss per share for the six months ended 30 June 2019, the prior period basic and diluted loss per share are thus adjusted as if proposed rights issue not taking place.

The calculation of the basic and diluted loss per share attributable to the owners of the Company for the six months ended 30 June 2020 and 2019 is based on the following data:

|  | Six months ended 30 June        |                                 |
|--|---------------------------------|---------------------------------|
|  | 2020<br>HK\$'000<br>(unaudited) | 2019<br>HK\$'000<br>(unaudited) |
| <b>Loss for the period</b>   |                                 |                                 |
| Loss for the period attributable to owners of the Company<br>for the purpose of basic loss per share | <u>(247,355)</u>                | <u>(70,868)</u>                 |

| <b>Six months ended 30 June</b> |             |
|---------------------------------|-------------|
| <b>2020</b>                     | 2019        |
| <b>'000</b>                     | <b>'000</b> |
| <b>(unaudited)</b>              | (unaudited) |
|                                 | (restated)  |

### Number of ordinary shares

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

|                       |                |
|-----------------------|----------------|
| <u><b>145,276</b></u> | <u>140,192</u> |
|-----------------------|----------------|

Diluted loss per share for the six months ended 30 June 2020 and 2019 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 2020 and 2019.

## 7. INTERESTS IN ASSOCIATES

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

|   | <b>As at<br/>30 June<br/>2020<br/>HK\$'000<br/>(unaudited)</b> | <b>As at<br/>31 December<br/>2019<br/>HK\$'000<br/>(audited)</b> |
|---|--|--|
| Cost of investments in associates:                              |  |  |
| — Unlisted  | <b>506,216</b>   | 506,216  |
| Amounts due from associates                                     | <u><b>36,081</b></u>   | <u>36,081</u>  |
|   | <b>542,297</b>   | 542,297  |
| Share of results of associates:                                 |  |  |
| — Post-acquisition results, net of dividends received           | <b>123,965</b>   | 122,309  |
| — Bargain purchase  | <u><b>13,910</b></u>   | <u>13,910</u>  |
|   | <u><b>137,875</b></u>  | <u>136,219</u>   |
| Provision for the Group's investment in interests in associates | <u><b>(480,779)</b></u>  | <u>(316,172)</u>   |
|   | <u><b>199,393</b></u>  | <u>362,344</u>   |

**(b) Details of each of the Group’s associates at 30 June 2020:**

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

\* For identification purposes 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. China Sky Group is principally engaged in the business of development and construction the following property development project in Chongqing, the PRC.

*The Jintang Project (as defined hereunder)*

This property development project comprises a residential and commercial complex known as “Jintang New City Plaza” 金唐新城市廣場 (the “Jintang Project”), which is situated at Long Tower Street in the west southern part of the Yubei Zone, Chongqing City (重慶市渝北區龍塔街道) in the PRC. As disclosed in the Company’s annual report for the year ended 31 December 2018 and the interim report for the six months ended 30 June 2019, the construction of the Jintang Project has been completed.

**(ii) Success Quest**

The carrying amount of Success Quest is nil as at 30 June 2020 (31 December 2019: 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 2020.

**(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 12) 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 with 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<br/>30 June<br/>2020<br/>HK\$'000<br/>(unaudited)</b>                | As at<br>31 December<br>2019<br>HK\$'000<br>(audited)             |
|---|---|---|
| Current assets  | 954,453   | 968,047   |
| Non-current assets  | 1,829   | 2,382   |
| Current liabilities   | (535,683)   | (501,138)   |
| Non-current liabilities   | (866,384)   | (888,301)   |
| Net liabilities   | <u>(445,785)</u>  | <u>(419,010)</u>  |
|   | <b>Six months<br/>ended<br/>30 June<br/>2020<br/>HK\$'000<br/>(unaudited)</b> | Six months<br>ended<br>30 June<br>2019<br>HK\$'000<br>(unaudited) |
| Revenue   | <u>1,722</u>  | <u>22,839</u>   |
| Loss for the period   | (27,529)  | (27,835)  |
| Other comprehensive income/(expense) for the period                 | <u>754</u>  | <u>(2,941)</u>  |
| Total comprehensive expense for the period                          | (26,775)  | (30,776)  |
| Proportion of the Group's ownership interests in<br>China Sky Group | <u>40%</u>  | <u>40%</u>  |
| Share of total comprehensive expense of China Sky Group             | (10,710)  | (12,310)  |
| Provision for the Group's investment in interests in associates     | <u>(164,607)</u>  | <u>–</u>  |
|   | <u>(175,317)</u>  | <u>(12,310)</u>   |
| Dividends received from China Sky Group during the period           | <u>–</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:

|  | <b>As at<br/>30 June<br/>2020<br/>HK\$'000<br/>(unaudited)</b> | As at<br>31 December<br>2019<br>HK\$'000<br>(audited) |
|--|--|---|
| Net liabilities of China Sky Group                                 | <b>(445,785)</b>   | (419,010)   |
| Proportion of the Group's ownership interest in<br>China Sky Group | <b>40%</b>   | 40%   |
|  | <b>(178,314)</b>   | (167,604)   |
| Effect of fair value adjustments at acquisition                    | <b>335,724</b>   | 335,724   |
| Amounts due from China Sky Group                                   | <b>36,081</b>  | 36,081  |
| Other adjustments  | <b>287,288</b>   | 287,288   |
| Carrying amount of the Group's interest in China Sky Group         | <b>480,779</b>   | 491,489   |
| Provision for the Group's investment in interests in associates    | <b>(480,779)</b>   | (316,172)   |
| Net carrying amount of the Group's interest in<br>China Sky Group  | <b>–</b>   | 175,317   |

*Note:* The outbreak of the coronavirus disease, formally known as COVID-19, in early 2020 has caused severe disruption to the worldwide economy. Based on a report published by CNBC of 16 April 2020, China's economy came to standstill earlier in the year as Beijing implemented large scale shutdowns and quarantines to limit human contact as it sought to contain the coronavirus disease. China's first quarter GDP was reported to be contracted by 6.8% in 2020 from a year ago (based on data shown from the National Bureau of Statistics of China) while fixed-asset investment fell 16.1% in the first quarter.

Although the China's economy has bounced back gradually in the second quarter of 2020, yet the impact of the COVID-19 coupled with the occurrence of the economic trade war between China and the United States of America continues to bring uncertainties and create severe restrictions to the development and growth of the Chinese economy and its businesses.

China Sky Group, which is one of the Group's associates and involves in property development business in China, was unavoidably affected by the impacts as discussed above. Based on the unaudited consolidated management accounts of China Sky Group for the six months ended 30 June 2020, this group reported a revenue of approximately HK\$1,722,000 for the six months ended 30 June 2020, a decrease of approximately 92.5% as compared to approximately HK\$22,839,000 for the same period of last year, and had net liabilities of approximately HK\$445,785,000 as at 30 June 2020. Taking into account the economic situation of China and worldwide at present and in the near future, it is difficult to see a significant breakthrough and recovery of the operating results and financial position of the China Sky Group. After consultation with the auditors of the Company, the Company agreed that a provision of approximately HK\$164,607,000 be made for the Group's investment in interests in associates for the six months ended 30 June 2020 bringing the net carrying amount of the Group's interest in China Sky Group to be nil.

(ii) *Success Quest*

As the Group's interest in Success Quest as at 30 June 2020 and 31 December 2019 was not material to the Group, no summarised financial information of Success Quest is presented.

(iii) Multi-Fame Group

|  | <b>As at<br/>30 June<br/>2020<br/>HK\$'000<br/>(unaudited)</b>                | As at<br>31 December<br>2019<br>HK\$'000<br>(audited)             |
|--|---|---|
| Current assets   | <b>356,396</b>  | 259,249   |
| Non-current assets   | <b>1,948</b>  | 2,863   |
| Current liabilities  | <b>(210,003)</b>  | (138,189)   |
| Non-current liabilities  | <b>(1,049)</b>  | (1,869)   |
| Net assets   | <b>147,292</b>  | 122,054   |
|  | <b>Six months<br/>ended<br/>30 June<br/>2020<br/>HK\$'000<br/>(unaudited)</b> | Six months<br>ended<br>30 June<br>2019<br>HK\$'000<br>(unaudited) |
| Revenue  | <b>1,295,810</b>  | 880,766   |
| Profit for the period  | <b>21,290</b>   | 6,302   |
| Other comprehensive income for the period                            | <b>3,948</b>  | 1,214   |
| Total comprehensive income for the period                            | <b>25,238</b>   | 7,516   |
| Proportion of the Group's ownership interests in<br>Multi-Fame Group | <b>49%</b>  | 49%   |
| Share of total comprehensive income of Multi-Fame Group              | <b>12,366</b>   | 3,683   |
| Dividends received from Multi-Fame Group during the period           | <b>–</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:

|  | <b>As at<br/>30 June<br/>2020<br/>HK\$'000<br/>(unaudited)</b> | As at<br>31 December<br>2019<br>HK\$'000<br>(audited) |
|--|--|---|
| Net assets of Multi-Fame Group                                   | <b>147,292</b>   | 122,054   |
| Proportion of the Group's ownership interest in Multi-Fame Group | <b>49%</b>   | 49%   |
|  | <u>72,172</u>  | <u>59,806</u>   |
| Goodwill   | <b>127,221</b>   | 127,221   |
|  | <u>199,393</u>   | <u>187,027</u>  |
| Carrying amount of the Group's interest in Multi-Fame Group      | <b>199,393</b>   | 187,027   |

## 8. ACCOUNTS AND OTHER RECEIVABLES

|                                   | <b>As at<br/>30 June<br/>2020<br/>HK\$'000<br/>(unaudited)</b> | As at<br>31 December<br>2019<br>HK\$'000<br>(audited) |
|-----------------------------------|--|---|
| Accounts receivables              | <b>53,630</b>  | 52,557  |
| Less: Loss allowance              | <b>(40,947)</b>  | (27,496)  |
|                                   | <u>12,683</u>  | <u>25,061</u>   |
| Other receivables and prepayments | <b>29,408</b>  | 21,746  |
| Less: Loss allowance              | <b>(16,573)</b>  | (7,318)   |
|                                   | <u>12,835</u>  | <u>14,428</u>   |
|                                   | <b>25,518</b>  | 39,489  |

Details of accounts receivables are as follows:

|  | <b>As at<br/>30 June<br/>2020<br/>HK\$'000<br/>(unaudited)</b> | As at<br>31 December<br>2019<br>HK\$'000<br>(audited) |
|--|--|---|
| Accounts receivables arising from securities brokerage business: |  |   |
| — Margin account clients   | <b>51,207</b>  | 50,327  |
| — Cash account clients   | <b>2,126</b>   | 1,933   |
| — Others   | <b>297</b>   | 297   |
|  | <u>53,630</u>  | <u>52,557</u>   |

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

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

|               | <b>As at<br/>30 June<br/>2020<br/>HK\$'000<br/>(unaudited)</b> | As at<br>31 December<br>2019<br>HK\$'000<br>(audited) |
|---------------|--|---|
| 0 to 60 days  | 1,160  | 797   |
| 61 to 90 days | 473  | 2,606   |
| Over 90 days  | 51,997   | 49,154  |
|               | <u>53,630</u>  | <u>52,557</u>   |

## 9. LOANS RECEIVABLE

|                                     | <b>As at<br/>30 June<br/>2020<br/>HK\$'000<br/>(unaudited)</b> | As at<br>31 December<br>2019<br>HK\$'000<br>(audited) |
|-------------------------------------|--|---|
| Secured loans                       | 98,038   | 103,159   |
| Unsecured loans                     | 235,159  | 238,818   |
|                                     | <u>333,197</u>   | <u>341,977</u>  |
| Less: Loss allowance                | (208,136)  | (186,025)   |
|                                     | <u>125,061</u>   | <u>155,952</u>  |
| Analysed for reporting purposes at: |  |   |
| Non-current assets                  | 10,452   | 15,254  |
| Current assets                      | 114,609  | 140,698   |
|                                     | <u>125,061</u>   | <u>155,952</u>  |

Loans receivable arise from the Group's money lending business. As at 30 June 2020, the Group has 15 (at 31 December 2019: 15) loans receivable, of which 3 (at 31 December 2019: 3) were secured and 12 (at 31 December 2019: 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 2019: 13% to 14%) per annum.

As at 30 June 2020, 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\$135,227,000 (at 31 December 2019: approximately HK\$130,118,000) are guaranteed by guarantors.

Under the Group's expected credit losses ("ECL") assessment, loss allowance on loans receivable of approximately HK\$208,136,000 was provided as at 30 June 2020 (at 31 December 2019: approximately HK\$186,025,000).

## 10. TRADE AND OTHER PAYABLES

|                             | <b>As at<br/>30 June<br/>2020<br/>HK\$'000<br/>(unaudited)</b> | As at<br>31 December<br>2019<br>HK\$'000<br>(audited) |
|-----------------------------|--|---|
| Trade payables              | 15,178   | 38,505  |
| Other payables and accruals | 173,492  | 87,565  |
| Securities accounts         | 37,545   | 45,614  |
|                             | <u>226,215</u>   | <u>171,684</u>  |

Details of trade payables are as follows:

|  | <b>As at<br/>30 June<br/>2020<br/>HK\$'000<br/>(unaudited)</b> | As at<br>31 December<br>2019<br>HK\$'000<br>(audited) |
|--|--|---|
| Trade payables arising from securities brokerage business: |  |   |
| — Cash account clients                                     | 11,925   | 33,435  |
| — Margin account clients                                   | 3,253  | 5,070   |
|  | <u>15,178</u>  | <u>38,505</u>   |

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

|               | <b>As at<br/>30 June<br/>2020<br/>HK\$'000<br/>(unaudited)</b> | As at<br>31 December<br>2019<br>HK\$'000<br>(audited) |
|---------------|--|---|
| 0 to 60 days  | 2,010  | 3,830   |
| 61 to 90 days | 684  | 21,318  |
| Over 90 days  | 12,484   | 13,357  |
|               | <u>15,178</u>  | <u>38,505</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\$15,178,000 (at 31 December 2019: approximately HK\$38,505,000) 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.

## 11. LOANS PAYABLE

|   | As at<br>30 June<br>2020<br>HK\$'000<br>(unaudited) | As at<br>31 December<br>2019<br>HK\$'000<br>(audited) |
|---|---|---|
| Within 1 year or on demand ( <i>Note (i), (ii), (iii), (iv)</i> ) | <u>669,664</u>                                      | <u>678,266</u>  |

### Notes:

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

- (i) Loan from a financial institution with principal amount of US\$48,500,000 (equivalent to approximately HK\$375,898,000) (at 31 December 2019: US\$49,500,000 (equivalent to approximately HK\$386,816,000)) together with the accrued interest of approximately US\$8,683,000 (equivalent to approximately HK\$67,819,000) (at 31 December 2019: approximately US\$4,605,000 (equivalent to approximately HK\$36,009,000)), 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.
- (ii) Loan from an individual who is an independent third party, with principal amount of HK\$18,000,000 (at 31 December 2019: HK\$18,000,000) together with the accrued interest of approximately HK\$6,048,000 (at 31 December 2019: approximately HK\$4,971,000), which is interest-bearing at 12% per annum, unsecured and became overdue since 13 September 2018.
- (iii) Loan from a financial institution with principal amount of US\$35,000,000 (equivalent to approximately HK\$271,266,000) (at 31 December 2019: US\$35,000,000 (equivalent to approximately HK\$273,450,000)) together with the accrued interest of approximately US\$3,110,000 (equivalent to approximately HK\$24,319,000) (at 31 December 2019: approximately US\$1,022,000 (equivalent to approximately HK\$8,033,000)), which is interest-bearing at 11.8% 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. According to the loan agreement, US\$5,000,000 (equivalent to HK\$38,752,000) and US\$30,000,000 (equivalent to approximately HK\$232,514,000) are repayable in November 2019 and November 2021 respectively. US\$5,000,000, equivalent to approximately HK\$38,752,000 which has been overdue since November 2019. The non-repayment of loan principal of such amount in accordance with the scheduled repayment terms had caused the relevant remaining non-overdue balance to become immediately repayable pursuant to the respective loan agreement.

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" at the end of reporting period. On 17 March 2020, the Company has received a letter from the solicitors of the lender of the loan which demanded the immediate repayment of the loan together with interest accrued (Details of which are set out in the announcement of the Company dated 24 March 2020).

- (iv) Loan from a financial institution with principal amount of HK\$4,500,000 (at 31 December 2019: Nil), which is interest-bearing at 12% per annum, unsecured and repayable in March 2021.

The Group is in the process of negotiating with lenders for extension of the abovementioned loans. The total loan interest payable of approximately HK\$98,186,000 as at 30 June 2020 (31 December 2019: approximately HK\$49,013,000) was included in other payables and accruals.

## 12. NOTES PAYABLE

|  | <b>As at<br/>30 June<br/>2020<br/>HK\$'000<br/>(unaudited)</b> | As at<br>31 December<br>2019<br>HK\$'000<br>(audited) |
|--|--|---|
| Within 1 year ( <i>Note (i)</i> )                    | <b>310,019</b>   | 312,596   |
| After 1 year but within 5 years ( <i>Note (ii)</i> ) | <b>208,035</b>   | 196,182   |
|  | <b><u>518,054</u></b>  | <b><u>508,778</u></b>                                 |

As at 30 June 2020 and 31 December 2019, 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\$310,019,000 (at 31 December 2019: 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.

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 notes payable has been overdue since September 2019. The interest rate increased from 8% to 25% per annum due to the non-repayment of the principal amount. The Group is in the process of negotiating with the noteholder for extension of 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.

As at 30 June 2020, the existing noteholder is High Rhine Limited (“High Rhine”) and High Rhine is a substantial shareholder of the Company, holding 13.83% equity interest of the Company.

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><br>(unaudited) |
| Carrying amount at 31 December 2018                    | 172,959                        |
| Imputed interest expense                               | 21,247                         |
| Reclassification                                       | <u>1,976</u>                   |
| Carrying amount at 31 December 2019 and 1 January 2020 | <u>196,182</u>                 |
| Imputed interest expense                               | <u>11,853</u>                  |
| Carrying amount at 30 June 2020                        | <u><u>208,035</u></u>          |

### 13. SHARE CAPITAL

|  | 2020                                   |                                | 2019                                   |                              |
|--|--|--------------------------------|--|------------------------------|
|  | Number of<br>shares<br>( <i>'000</i> ) | <i>HK\$'000</i><br>(unaudited) | Number of<br>shares<br>( <i>'000</i> ) | <i>HK\$'000</i><br>(audited) |
| Issued and fully paid:                     |  |                                |  |                              |
| At 1 January 2020 and 2019                 | <b>140,192</b>                         | <b>2,824,801</b>               | 1,401,917                              | 2,824,801                    |
| Share consolidation ( <i>Note (i)</i> )    | –                                      | –                              | (1,261,725)                            | –                            |
| Placing of new shares ( <i>Note (ii)</i> ) | <b>28,038</b>                          | <b>5,439</b>                   | –                                      | –                            |
|  | <u>168,230</u>                         | <u>2,830,240</u>               | <u>140,192</u>                         | <u>2,824,801</u>             |
| At 30 June 2020 and 31 December 2019       | <u><b>168,230</b></u>                  | <u><b>2,830,240</b></u>        | <u>140,192</u>                         | <u>2,824,801</u>             |

*Note:*

- (i) 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.
- (ii) Details of placing of new shares are set out in the announcement of the Company dated 29 May 2020.



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

The auditors of the Company has modified its review conclusion on the Group's interim financial report for the six months ended 30 June 2020, an extract of which is stated as below:

### **“DISCLAIMER OF CONCLUSION**

We do not express a conclusion on the interim financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Conclusion section of our report, we have not been able to obtain sufficient appropriate evidence to provide a basis for a conclusion on these financial statements.

### **BASIS FOR DISCLAIMER OF CONCLUSION**

As discussed in note 1 to the interim financial statements concerning the adoption of the going concern basis on which the interim financial statements have been prepared, the Group had net current liabilities of approximately HK\$653,555,000 and net liabilities of approximately HK\$656,829,000 as at 30 June 2020. These conditions indicate the existence of a material uncertainty that casts a significant doubt on the Group's ability to continue as a going concern. The directors of the Company are undertaking certain measures to improve the Group's liquidity and financial position which are set out in note 1 to the interim financial statements. The interim financial statements have been prepared on a going concern basis, the validity of which depends on the outcome of these measures, which are subject to uncertainties, including the negotiation with the Group's lenders to extend the overdue debts of approximately HK\$975,183,000, and various measures to improve the operating cash flows and the financial position of the Group. We were unable to obtain sufficient appropriate evidence as to the likelihood, or otherwise, of these measures being successful. As a result of these multiple uncertainties, the potential interaction of these uncertainties, and, the possible cumulative effects thereof, we were unable to form an opinion as to whether the going concern basis of preparation is appropriate and the related disclosures are sufficient.

If the Group had prepared the interim financial statements on an alternative basis, significant adjustments to the amounts and presentation of financial statement items may have been required.”

### **INTERIM DIVIDEND**

The Company had no distributable reserve as at 30 June 2020. The Board has resolved not to declare an interim dividend for the six months ended 30 June 2020 (2019: Nil).

### **INTERIM RESULTS**

The Group recorded a loss attributable to the Company's shareholders of approximately HK\$247,355,000 for the six months ended 30 June 2020 (2019: approximately HK\$70,868,000) and loss per share was approximately HK\$1.70 (2019: approximately HK\$0.51 (re-stated)). Such increase in loss attributable to the Company's shareholders was due mainly to the provision for the Group's investment in interests in associates of approximately HK\$164,607,000 (2019: Nil).

## **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\$12,931,000 (2019: approximately HK\$29,136,000) with gross profit of approximately HK\$11,353,000 (2019: approximately HK\$28,621,000). Such decrease in turnover was primarily attributable to certain loans and accounts receivables were classified as credit-impaired financial assets at the beginning of the current reporting period, consequently, according to the requirements of HKFRS 9, the Group applied credit-adjusted effective interest rate on these loans and accounts receivables which had led to a significant decrease in interest income (note 3 to the condensed consolidated financial statements).

### **Financing Operation**

The interest income and operating loss generated by the financing operation were approximately HK\$10,320,000 (2019: approximately HK\$26,068,000) and approximately HK\$8,505,000 (2019: operating profit of approximately HK\$20,081,000) respectively. As discussed in note 3 to the condensed consolidated financial statements, should the loans receivable not being classified as credit-impaired under the applicable accounting standard. The turnover of the financing operation would have been amounted to approximately HK\$22,316,000. The operating loss was mainly due to the recognition of loss allowance on loans receivable of approximately HK\$22,111,000 (2019: approximately HK\$6,111,000) in respect of overdue loans receivable of the Group.

### **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\$1,013,000 was recorded for the period under review (2019: approximately HK\$3,141,000). As discussed in note 3 to the condensed consolidated financial statements, should the account receivables not being classified as credit-impaired under the applicable accounting standard. The interest income from margin and cash clients would have been amounted to approximately HK\$2,412,000 and the turnover of the brokerage and securities investment operation should be approximately HK\$2,211,000.

The overall performance of this operation for the period under review recorded a profit of approximately HK\$39,411,000 (2019: approximately HK\$10,741,000), mainly as a result of the recognition of an unrealised gain on investment in securities amounting to approximately HK\$56,802,000 (2019: approximately HK\$14,462,000). 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 2020, the market value of the Group's listed securities portfolio amounted to approximately HK\$390,335,000 (at 31 December 2019: approximately HK\$337,849,000).

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 2020 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\$390,335,000 as at 30 June 2020 is summarised below:

| Name of securities   | % of shareholding in the listed securities held by the Group as at 30 June 2020 | Unrealised (loss)/gain on financial assets at fair value through profit or loss for the six months ended 30 June 2020<br>HK\$000 | Fair value of the investment in listed securities as at 30 June 2020<br>HK\$000 | Principal businesses (*copied from HKEX website)                        | Size compared to Group's total assets | Dividend received<br>HK\$000 | Total cost<br>HK\$000 | Gain or (loss) on disposal<br>HK\$000 |
|--|---|--|---|---|---------------------------------------|------------------------------|-----------------------|---------------------------------------|
| China Shangdong Hi-Speed Financial Group Limited (stock code: 412) | 2.65%   | 156,066  | 310,838   | Financials — Other<br>Financials — Financing                            | 40.14%                                | nil                          | 279,754               | N/A                                   |
| Dongwu Cement International Limited (stock code: 695)              | 4.99%   | (5,509)  | 37,184  | Properties & Construction —<br>Construction —<br>Construction Materials | 4.80%                                 | nil                          | 39,696                | N/A                                   |
| Imperial Pacific International Holdings Limited (stock code: 1076) | 0.3%  | (28,710)   | 16,095  | Consumer Discretionary — Travel & Leisure<br>— Casinos & Gaming         | 2.08%                                 | nil                          | 60,074                | N/A                                   |
| Sfund International Holdings Limited (stock code: 1367)            | 2.87%   | (13,780)   | 9,370   | Consumer Discretionary — Textiles & Clothing<br>— Apparel               | 1.21%                                 | nil                          | 48,285                | N/A                                   |
| China Smarter Energy Group Holdings Limited (stock code: 1004)     | 1.14%   | (38,014)   | 6,834   | Utilities — Utilities<br>— Alternative/Renewable Energy                 | 0.88%                                 | nil                          | 89,524                | N/A                                   |
| Others   |   | (13,251)   | 10,014  |   |                                       | 20                           |                       |                                       |
| Total  |   | <u>56,802</u>  | <u>390,335</u>  |   |                                       |                              |                       |                                       |

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 resumed in the second half of 2019 on a gradual basis. The revenue and operating profit generated by the trading operation were approximately HK\$1,599,000 (2019: Nil) and approximately HK\$18,000 (2019: Nil) for the six months ended 30 June 2020.

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 subsidiaries “Multi-Fame Group”) from a 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 with 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\$1,295,810,000 for the six months ended 30 June 2020 (2019: approximately HK\$880,766,000) 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\$12,366,000 for the six months ended 30 June 2020 (2019: approximately HK\$3,683,000).

### **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 subsidiary “China Sky Group”).

China Sky Group is principally engaged in the business of property development and has been involved in two property development projects in Chongqing City, the PRC.

The outbreak of the coronavirus disease, formally known as COVID-19, in early 2020 has caused severe disruption to the worldwide economy. Based on a report published by CNBC of 16 April 2020, China’s economy came to standstill earlier in the year as Beijing implemented large scale shutdowns and quarantines to limit human contact as it sought to contain the coronavirus disease. China’s first quarter GDP was reported to be contracted by 6.8% in 2020 from a year ago (based on data shown from the National Bureau of Statistics of China) while fixed-asset investment fell 16.1% in the first quarter.

Although the China’s economy has bounced back gradually in the second quarter of 2020, yet the impact of the COVID-19 coupled with the occurrence of the economic trade war between China and the United States of America continues to bring uncertainties and create severe restrictions to the development and growth of the Chinese economy and its businesses.

China Sky Group, which is involved in property development business in China, has unavoidably been affected by the impacts as discussed above. Based on the unaudited consolidated management accounts of China Sky Group for the six months ended 30 June 2020, this group reported a revenue of approximately HK\$1,722,000 for the six months ended 30 June 2020, a decrease of approximately 92.5% as compared to approximately HK\$22,839,000 for the same period of last year, and had net liabilities of approximately HK\$445,785,000 as at 30 June 2020. Taking into account the economic situation of China and worldwide at present and in the near future, it is difficult to see a significant breakthrough and recovery of the operating results and financial position of China Sky Group. After consultation with the auditors of the Company, the Company agreed that a provision of approximately HK\$164,607,000 be made for the Group's investment in interests in associates for the six months ended 30 June 2020 bringing the net carrying amount of the Group's interest in China Sky Group to be nil.

## **FINANCIAL REVIEW**

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

At 30 June 2020, the Group had current assets of approximately HK\$561,581,000 (at 31 December 2019: approximately HK\$577,647,000) and liquid assets comprising bank balances and marketable Hong Kong listed securities totaling approximately HK\$405,818,000 (excluding bank balances held under segregated trust accounts) (at 31 December 2019: approximately HK\$358,945,000). The Group's current ratio, calculated on the basis of current assets of approximately HK\$561,581,000 (at 31 December 2019: approximately HK\$577,647,000) over current liabilities of approximately HK\$1,215,136,000 (at 31 December 2019: approximately HK\$1,171,672,000), decreased to 0.46 from 0.49 as at 31 December 2019.

As at 30 June 2020, the Group had total loans payable of approximately HK\$1,187,718,000 (at 31 December 2019: approximately HK\$1,187,044,000) with the interest rate of between 8% to 25% per annum and lease liabilities of approximately HK\$12,350,000 (at 31 December 2019: approximately HK\$15,856,000).

As at 30 June 2020, the Group had total liabilities of approximately HK\$1,431,210,000 (at 31 December 2019: approximately HK\$1,377,467,000). The gearing ratio (calculated as total liabilities divided by total assets) was approximately 1.85 as at 30 June 2020 (at 31 December 2019: approximately 1.43).

## **DISCLAIMER OF CONCLUSION**

The auditors of the Company, Pan-China (H.K.) CPA Limited (the “Auditors”) issued a disclaimer of conclusion (the “Disclaimer of Conclusion”) on the consolidated financial statements of the Company for the six months ended 30 June 2020. Details of which, please refer to the paragraph headed “Basis for Disclaimer of Conclusion” of “An Extract From Report On Review Of Interim Financial Information” in this announcement.

## **THE MANAGEMENT’S POSITION, VIEW AND ASSESSMENT ON THE DISCLAIMER OF CONCLUSION**

During the course of review of the consolidated financial statements of the Group for the six months ended 30 June 2020, the Auditors had raised concern on the Group’s ability to operate as a going concern.

To address the going concern issue of the Group raised by the Auditors, the Group has been actively undertaking and will continue to undertake the following measures to improve the Group’s working capital and cash flow position and mitigate its liquidity pressure:

### **(a) Loans and notes payable**

For the overdue loans payable and notes payable, the Group will continue to negotiate with loan lenders and the noteholder for extension of the liabilities and/or debt restructuring.

### **(b) Money lending and trading business**

The Group has been urging the customers of its money lending segment to settle all overdue loans. During the reporting period, the Group received approximately HK\$24,000,000 from some of these customers and has applied such proceeds to settle part of the loan and interest payables and be used as working capital of the Group. It is expected that the Group will receive more loan repayments from the customers in the second half of year 2020. The Group intends to apply such proceeds to settle the outstanding loans and/or note payables and/or be used as working capital of the Group.

The Group’s trading operation has resumed in the second half of 2019 and the turnover of the trading operation for the period has already exceeded the volume of year 2019. The Group expects that the trading operation will continue to expand in the coming future.

**(c) Future financing**

The Group is actively considering all possible fund-raising exercises and/or obtaining new loan facility with an aim to finance the loans and interest repayments. The Group completed a placing of new shares in May 2020 and raised approximately HK\$5,420,000 (net of expenses) to fund its working capital. As at the date of this announcement, the Group has not yet entered into any memorandum, arrangement or agreement about the aforesaid plan. Subject to the approval from the Stock Exchange and market conditions, it is expected that the Group will conduct such fund-raising activity in the near future, possibly before the end of 2020.

**(d) Cost-saving/reduction**

Management of the Group has been reviewing the costs (staffing, administrative and otherwise) of various operations and departments with a view to cut costs and/or expenses that are unnecessary and control and/or reduce any other operating costs and/or expenses while the Group is able to maintain the existing operations. For the six months ended 30 June 2020, the Group was able to achieve a reduction of approximately 45% on administrative expenses. The Group strives to continue managing its operation with appropriate cost measures and anticipates further saving on costs of staffing, administrative and otherwise can be achieved in the coming year.

Taking all of the above measures and/or actions into consideration, the Board considers and is confident that the Group will have sufficient liquidity to finance its operations for the next twelve months and therefore is of the view that the Group would be able to continue its businesses and operations as a going concern and the going concern issue will be fully resolved in the immediate future.

**AUDIT COMMITTEE'S VIEW ON THE DISCLAIMER OF CONCLUSION**

Members of the audit committee of the Company (the "Audit Committee") has critically reviewed the Disclaimer of Conclusion and the Group's actions and planned actions to address the concerns as discussed under the paragraph on "The Management's Position, View and Assessment on the Disclaimer of Conclusion" of which the Audit Committee agrees entirely.

The Audit Committee has requested management of the Company to continue taking appropriate and positive measures to address and/or resolve the concerns as discussed in the Disclaimer of Conclusion with a view to eliminate all or substantially all of the concerns before the end of the year 2020 or in the near future.

**Capital Structure**

References are made to the announcements of the Company dated 18 May 2020, 20 May 2020 and 29 May 2020. Terms used hereinafter shall have the same meaning as defined in the above announcements.

On 18 May 2020, the Company entered into the Placing Agreement with the Placing Agent in relation to the placing of 28,038,335 new shares at a share price of HK\$0.2 per placing share. On 29 May 2020, the Placing was completed and 28,038,335 shares were issued. The amount of the net proceeds approximately HK\$5,420,000 was used for general working capital for the Group.

## **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 2020, the Group has pledged the financial assets at fair value through profit or loss with aggregate carrying amount of approximately HK\$388,210,000 (at 31 December 2019: approximately HK\$316,087,000) 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\$199,393,000 (at 31 December 2019: approximately HK\$362,344,000) were also pledged to secure loans from two financial institutions. After the reporting period, two financial institutions mentioned above have started to realise part of the pledged financial assets at fair value through profit or loss for the repayment of loan and interest payable.

## **Capital Commitment**

The Group had no capital commitment as at 30 June 2020 (at 31 December 2019: 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 2020.

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

- (1) 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, 1 February 2019, 8 November 2019 and 3 June 2020. 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 seven 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 the PRC.

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.

As set out in an announcement of the Company dated 3 June 2020, as certain conditions precedent of the Acquisition Agreement have not been fulfilled and the Board has no intention to further extend the long stop date, the Acquisition Agreement was therefore lapsed.

- (2) Reference is made to the announcement of the Company dated 28 May 2020. On 28 May 2020, an indirect wholly-owned subsidiary of the Company as purchaser, has entered into a memorandum of understanding (“MOU”), with Silk Road Construction Investment Company Limited as vendor in relation to the proposed acquisition of the entire issued share capital of Silk Road Construction Asset Management Limited (the “Proposed Acquisition”), a company is a licensed corporation under SFO to provide investment advisory and asset management services. The MOU is not legally binding in respect of the Proposed Acquisition.

No formal sale and purchase agreement had been entered into by the parties within the exclusivity period as no final terms and conditions were able to be reached between the parties, the MOU was terminated and would have of no further effect on any of the parties.

Save as disclosed above, there were no other material acquisitions and disposal during the six months ended 30 June 2020.

## **BUSINESS PROSPECTS**

The swift and massive shock of the coronavirus pandemic and shutdown measures to contain it have plunged the global economy into a severe contraction. According to World Bank forecasts, the global economy will shrink by at least 5.2% this year, which will represent the deepest recession since the Second World War, with the largest fraction of economies around the globe experiencing declines in per capita output since 1870. While the ultimate outcome is still uncertain, the pandemic will result in contractions across the vast majority of emerging market and developing economies. It will also do lasting damage to labor productivity and potential output, as well as financial economies on a worldwide basis.

Taking these views into consideration, the Group will adopt a very prudent approach in its investment strategy in this year. The Group will continue to identify suitable and/or attractive investment opportunities for possible acquisitions and further expansion of its existing businesses.

## **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 Listing Rules throughout the six months ended 30 June 2020 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 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 2020.

## **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 2020.

## **AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS**

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 2020 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 2020 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**  
**Li Dong**  
*Chairman*

Hong Kong, 27 August 2020

*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.*