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**GTI HOLDINGS LIMITED**

**共享集團有限公司**

*(In Liquidation)*

*(a company incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 3344)**

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 30 JUNE 2022**

The board of directors (the “**Directors**”) of the Company (the “**Board**”) announces the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 30 June 2022 with comparative figures for the previous year as follows:

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2022

		<b>For the year ended 30 June 2022</b>	For the eighteen months ended 30 June 2021
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
Revenue	4	<b>992,241</b>	643,426
Cost of sales		<b>(952,633)</b>	(627,790)
<b>Gross profit</b>		<b>39,608</b>	15,636
Interest income		<b>153</b>	3,021
Other income	5	<b>1,015</b>	6,723
Other gains and losses	6	<b>(7,372)</b>	(47,481)
Impairment loss on trade and other receivables, net		<b>(75,438)</b>	(68,174)
Selling and distribution costs		<b>(1,204)</b>	(3,065)
Administrative expenses		<b>(51,196)</b>	(139,737)
Finance costs		<b>(33,996)</b>	(364,177)
Share of results of associates		<b>—</b>	(624)
<b>Loss before tax</b>		<b>(128,430)</b>	(597,878)
Income tax expense	7	<b>(9,178)</b>	(4,486)
<b>Loss for the year/period</b>	8	<b>(137,608)</b>	(602,364)

	<b>For the year ended 30 June 2022</b>	For the eighteen months ended 30 June 2021
<i>Note</i>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
<b>Loss for the year/period</b>	<b>(137,608)</b>	(602,364)
<b>Other comprehensive (expense) income</b>		
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	(10,449)	11,219
Reclassification of translation reserve to profit or loss upon disposal of foreign subsidiaries/associate	—	103
	<u>(10,449)</u>	<u>11,322</u>
<b>Total comprehensive expense for the year/period</b>	<b><u>(148,057)</u></b>	<b><u>(591,042)</u></b>
<b>Loss for the year/period attributable to:</b>		
Owners of the Company	(108,016)	(595,709)
Non-controlling interests	(29,592)	(6,655)
	<u>(137,608)</u>	<u>(602,364)</u>
<b>Total comprehensive expense for the year/period attributable to:</b>		
Owners of the Company	(116,796)	(586,979)
Non-controlling interests	(31,261)	(4,063)
	<u>(148,057)</u>	<u>(591,042)</u>
	<i>HK cents</i>	<i>HK cents</i>
<b>Loss per share</b>		
<i>Basic and diluted</i>	<i>10</i>	
	<u>(1.71)</u>	<u>(9.46)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

		<b>30 June 2022</b>	30 June 2021
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>15,974</b>	68,434
Right-of-use assets		<b>14,127</b>	16,489
Deposits paid for acquisition of land use right and property, plant and equipment		<b>9,082</b>	13,317
Goodwill		<b>981</b>	1,582
Intangible assets		—	12,561
Derivative financial instruments		—	12,969
Trade and other receivables, deposits and prepayments		—	5,000
		<hr/>	<hr/>
Total non-current assets		<b>40,164</b>	130,352
<b>CURRENT ASSETS</b>			
Inventories		<b>5,493</b>	5,367
Trade and other receivables, deposits and prepayments	<i>11</i>	<b>217,745</b>	231,527
Bank balances and cash		<b>6,726</b>	22,988
		<hr/>	<hr/>
Total current assets		<b>229,964</b>	259,882
<b>CURRENT LIABILITIES</b>			
Trade and other payables	<i>12</i>	<b>228,210</b>	204,174
Taxation payable		<b>4,404</b>	2,310
Bank and other borrowings		<b>1,251,914</b>	1,246,366
Lease liabilities		<b>2,776</b>	2,517
		<hr/>	<hr/>
Total current liabilities		<b>1,487,304</b>	1,455,367
<b>Net current liabilities</b>		<b>(1,257,340)</b>	(1,195,485)
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>(1,217,176)</b>	(1,065,133)

	<b>30 June 2022</b>	30 June 2021
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>NON-CURRENT LIABILITIES</b>		
Lease liabilities	256	3,277
Deferred tax liabilities	<u>6,338</u>	<u>7,303</u>
Total non-current liabilities	<u>6,594</u>	<u>10,580</u>
<b>Net liabilities</b>	<b><u>(1,223,770)</u></b>	<b><u>(1,075,713)</u></b>
<b>Capital and reserves</b>		
Share capital	62,988	62,988
Share premium and reserves	<u>(1,270,356)</u>	<u>(1,153,560)</u>
<b>Deficit attributable to owners of the Company</b>	<b>(1,207,368)</b>	<b>(1,090,572)</b>
Non-controlling interests	<u>(16,402)</u>	<u>14,859</u>
<b>TOTAL DEFICIT</b>	<b><u>(1,223,770)</u></b>	<b><u>(1,075,713)</u></b>

## NOTES:

### 1. GENERAL INFORMATION

GTI Holdings Limited (In Liquidation) (the “**Company**”) was incorporated in Cayman Islands under the Companies Law as an exempted company with limited liability on 9 June 2004 and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The addresses of the Company’s registered office and principal place of business are Cricket Square Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and Room 1101, 11/F., the Leighton Centre, 77 Leighton Road, Causeway Bay, Hong Kong, respectively.

The consolidated financial statements of the Company and its subsidiaries (hereinafter collectively referred to as the “**Group**”) are presented in Hong Kong dollars (“**HK\$**”) which is the same as the functional currency of the Company and all values are rounded to the nearest thousand unless otherwise stated.

On 13 November 2020, the Company announced to change the financial year end date of the Company from 31 December to 30 June. Accordingly, the corresponding comparative amounts shown in this consolidated statement of profit or loss and other comprehensive income and the related notes covered a period of eighteen months from 1 January 2020 to 30 June 2021 and therefore may not be comparable with amounts shown for the current year ended 30 June 2022.

### 2. BASIS OF PREPARATION

#### Appointment of provisional liquidators

In May 2020, the Company filed a winding up petition (the “**Petition**”) together with an application for the appointment of joint provisional liquidators (the “**JPLs**”) of the Company with the Grand Court of the Cayman Islands.

On 28 May 2020 (Cayman time), upon the hearing at the Grand Court of the Cayman Islands of the JPL Application, an order (the “**Order**”) in favour of the Company was granted and Mr. Osman Mohammed Arab and Mr. Lai Wing Lun of RSM Corporate Advisory (Hong Kong) Limited, and Ms. Claire Marie Loebell of R&H Restructuring (Cayman) Ltd. were appointed as the JPLs (for restructuring purposes) on a light touch approach for restructuring purposes.

The Order provides that for so long as JPLs are appointed to the Company, no suit, action or other proceeding, including criminal proceedings, shall be proceeded with or commenced against the Company except with the leave of the Grand Court of the Cayman Islands and subject to such terms as the Grand Court of the Cayman Islands may impose.

The Order also provides that, for the avoidance of any doubt, no payment or disposition of the Company’s property or any transfer of shares or any alteration in the status of the Company’s members shall be made or effected without the direct or indirect approval of the JPLs but no such payment or other disposition or transfer of shares or alteration in the status of the Company’s members made or effected by or with the authority or approval of the JPLs in carrying out their duties and functions and in the exercise of their powers under the Order shall be avoided by virtue of the provisions of section 99 of the Companies Law of the Cayman Islands.

## **Winding up order against the Company and appointment of Joint and Several Liquidators (“JSLs”)**

On 22 November 2021, the Company was ordered to be wound up by the High Court of The Hong Kong Special Administrative Region (the “**High Court**”) under HCCW 51/2020 and the Official Receiver was appointed as the Provisional Liquidator of the Company.

On 20 January 2023, pursuant to an order granted by the High Court, Ms. CHUA Suk Lin, Ivy and Mr. LAU Kwok Hung, both of Crowe (HK) CPA Limited be appointed the JSLs of the Company with a Committee of Inspection.

## **Winding up order by the Grand Court of the Cayman Islands and appointment of Joint Official Liquidators (“JOLs”)**

On 22 February 2022, the Grand Court of the Cayman Islands ordered the Company be wound up and Messrs Osman Mohammed Arab and Lai Wing Lun, both of RSM Corporate Advisory (Hong Kong) Limited, and Mr Owen Walker of R&H Restructuring (Cayman) Ltd., were appointed as the JOLs of the Company with the power to act jointly and severally.

## **Resumption guidance**

On 17 November 2021, the Company has been notified by the Stock Exchange of the following resumption guidance (the “**Resumption Guidance**”) for the Company:

- (i) publish all outstanding financial results required under the Listing Rules and address any audit modifications;
- (ii) demonstrate its compliance with Rule 13.24; and
- (iii) announce all material information for the Company’s shareholders and investors to appraise the Company’s position.

On 29 November 2021, the Company received another letter from the Stock Exchange, pursuant to which, the Stock Exchange imposes the following additional resumption guidance for the resumption of trading in the shares of the Company:

- (iv) have the winding up order against the Company withdrawn or dismissed and liquidators (provisional or not) discharged.

The Stock Exchange also stated in its letter dated 17 November 2021 that, under Rule 6.01A(1) of the Listing Rules, it may cancel the listing of any securities that have been suspended from trading for a continuous period of 18 months. In the case of the Company, the 18-month period expired on 3 April 2023 (the “**Deadline**”) and the Company submitted a request for extension on 31 March 2023.

On 21 April 2023, the Company received a letter from the Listing Committee of the Stock Exchange (the “**Listing Committee**”) stating that the Listing Committee has considered the Company’s case and decided to reject the Company’s request for extending the resumption deadline, and cancel the Company’s listing under Rule 6.01A of the Listing Rules (the “**Delisting Decision**”).

On 2 May 2023, the Company submitted an application requesting the Delisting Decision to be referred to the Listing Review Committee for review pursuant to Chapter 2B of the Listing Rules.

## **Proposed restructuring of the Group**

On 31 March 2023, the Company, the JSLs and Mega Yield Enterprise Development Limited (the “**Investors**”) entered into a restructuring agreement (the “**Restructuring Agreement**”) to implement a restructuring of the Company by regularizing the business of the Group through, inter alia, (i) implementation of a capital reorganization involving share consolidation and capital reduction; (ii) subscription of shares of the Company (the “**Shares**”) to be issued by the Company to the Investors, (iii) disposal of excluded subsidiaries of the Group; and (iv) implementation of a creditors scheme (the “**Scheme**”) with the creditors of the Company, which will fully and finally discharge all claims of the Company’s creditors against the Company as at the effective date of the Scheme.

## **Going concern basis**

The Group incurred a loss attributable to owners of the Company of approximately HK\$108,016,000 for the year ended 30 June 2022 and as at 30 June 2022, the Group had net current liabilities and net liabilities of approximately HK\$1,257,340,000 and approximately HK\$1,223,770,000, respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors of the Company are of the opinion that the Group will have sufficient working capital to meet its financial liabilities as and when they fall due on the assumption that (i) the Group will be able to successfully complete the proposed restructuring of the Group; (ii) the Group will be able to raise fund to meet a level sufficient to finance the working capital requirements of the Group; and (iii) the Group is actively implementing cost-control and cost saving measures to improve operating cash flows and its financial position, under which the directors of the Company believe that the performance of the Group will be significantly improved in the forthcoming year.

Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the consolidated financial statements on the going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the consolidated financial statements, to write down the value of assets to their net realisable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

### 3. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”)

#### Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the Amendments to References to the Conceptual Framework in IFRS Standards and the following amendments to IFRSs issued by International Accounting Standards Board (the “IASB”) for the first time which are mandatorily effective for the annual period beginning on or after 1 July 2021 for the preparation of the financial statements:

Amendments to IFRS 16	Covid-19-Related Rent Concessions
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee (the “Committee”) of the IASB issued in June 2021 which clarified the costs an entity should include as “estimated costs necessary to make the sale” when determining the net realisable value of inventories.

The application of the amendments to IFRS Standards in the current year had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

#### New and amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRS 17, including the October 2020 and February 2022 Amendments to IFRS17	Insurance Contracts <sup>1</sup>
Amendments to IFRS 16	Lease liability in a Sale and Leaseback <sup>4</sup>
Amendments to IFRS 3	Reference to the Conceptual Framework <sup>2</sup>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an investor and its Associate or Joint Venture <sup>3</sup>
Amendments to IAS 1	Classification of Liabilities as Current or Non-current <sup>1</sup>
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>
Amendments to IAS 8	Definition of Accounting Estimates <sup>1</sup>
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a single Transaction <sup>1</sup>
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use <sup>2</sup>
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract <sup>2</sup>
Amendments to IFRSs	Annual Improvements to IFRSs 2018–2020 <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2022

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2024

The directors of the Company anticipate that the application of all new and amendments to IFRSs, which are not yet effective, will have no material impact on the financial statements in the foreseeable future.

#### 4. REVENUE AND SEGMENT INFORMATION

The following is an analysis of the Group's revenue and results by operating and reportable segments:

##### For the year ended 30 June 2022

	Production, sale and trading of textile products <i>HK\$'000</i>	Trading of petroleum and chemical products <i>HK\$'000</i>	RMB banknotes clearing up services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	<u>57,090</u>	<u>922,044</u>	<u>13,107</u>	<u>992,241</u>
Segment profit/(loss)	<u>6,255</u>	<u>(68)</u>	<u>(80,845)</u>	<u>(74,658)</u>
Unallocated expenses				(13,572)
Interest income				153
Other income				1,015
Other gains and losses				(7,372)
Finance costs				<u>(33,996)</u>
Loss before tax				<u>(128,430)</u>

##### For the eighteen months ended 30 June 2021

	Production, sale and trading of textile products <i>HK\$'000</i>	Trading of petroleum and chemical products <i>HK\$'000</i>	RMB banknotes clearing up services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	<u>31,992</u>	<u>576,764</u>	<u>34,670</u>	<u>643,426</u>
Segment loss	<u>(73,314)</u>	<u>(523)</u>	<u>(8,191)</u>	<u>(82,028)</u>
Unallocated expenses				(109,669)
Interest income				3,021
Other income				6,723
Other gains and losses				(51,124)
Finance costs				(364,177)
Share of results of associates				<u>(624)</u>
Loss before tax				<u>(597,878)</u>

## 5. OTHER INCOME

	For the year ended 30 June 2022 <i>HK\$'000</i>	For the eighteen months ended 30 June 2021 <i>HK\$'000</i>
Subsidy income	—	1,234
Sundry income	<u>1,015</u>	<u>5,489</u>
	<u><u>1,015</u></u>	<u><u>6,723</u></u>

During the current period, the Group recognised government grants of Nil (period ended 30 June 2021: HK\$1,234,000) in respect of Covid-19-related subsidies in Hong Kong under Employment Support Scheme provided by the Hong Kong government.

## 6. OTHER GAINS AND LOSSES

	For the year ended 30 June 2022 <i>HK\$'000</i>	For the eighteen months ended 30 June 2021 <i>HK\$'000</i>
Fair value loss on derivative financial instruments	(12,969)	(24,551)
Loss on deconsolidation of subsidiaries	—	(14,489)
Gain on disposal of subsidiaries	—	6,517
Net exchange losses	—	(3,119)
Gain/(loss) on disposal/write off of property, plant and equipment	22,027	(22)
Impairment losses recognised in respect of property, plant and equipment	(9,688)	—
Impairment losses recognised on investments in associates	—	(11,817)
Impairment losses recognised on intangible assets	(8,700)	—
Impairment losses recognised on goodwill	(601)	—
Others	<u>2,559</u>	<u>—</u>
	<u><u>(7,372)</u></u>	<u><u>(47,481)</u></u>

## 7. INCOME TAX EXPENSE

	<b>For the year ended 30 June 2022 HK\$'000</b>	For the eighteen months ended 30 June 2021 HK\$'000
Hong Kong Profits Tax:		
— Overprovision in prior years	—	(99)
Enterprise Income Tax of the People's Republic of China ("PRC"):		
— Current year	4,739	—
— Underprovision in prior years	—	6,033
	<u>4,739</u>	<u>5,934</u>
PRC land appreciation tax	5,404	—
Deferred tax credit	(965)	(1,448)
	<u>9,178</u>	<u>4,486</u>

For the year ended 30 June 2022 and the eighteen months ended 30 June 2021, Hong Kong Profits Tax is calculated under two-tier profits tax system where the first HK\$2 million of estimated assessable profits of the qualifying group entity is taxed at a reduced rate of 8.25% and the remaining of estimated assessable profits is taxed at 16.5%.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

PRC land appreciation tax is levied from 30% to 60% on gain on disposal of landed properties with reference to the percentage of appreciated value over the deductible amount.

Under the Law of the Cambodian Income Tax, the tax rate of the Cambodia subsidiaries is 20%.

## 8. LOSS FOR THE YEAR/PERIOD

The Group's loss for the year/period is arrived at after charging the following:

	<b>For the year ended 30 June 2022 HK\$'000</b>	<b>For the eighteen months ended 30 June 2021 HK\$'000</b>
Auditor's remuneration	2,200	2,523
Directors' remuneration	611	7,834
Other staff costs	<b>11,380</b>	33,961
Retirement benefits scheme contribution	<b>275</b>	327
Cost of inventories sold	<b>952,633</b>	627,790
Depreciation of property, plant and equipment	<b>12,374</b>	10,872
Depreciation of right-of-use assets	<b>2,141</b>	3,276
Amortisation of intangible assets	<b>3,861</b>	5,792
Expenses related to short-term leases	<b>2,156</b>	1,881

## 9. DIVIDENDS

The Directors do not recommend the payment of any dividend for the year ended 30 June 2022 and the eighteen months ended 30 June 2021.

## 10. LOSS PER SHARE

The calculation of the basic loss per share is based on the loss for the year attributable to the owners of the Company of approximately HK\$108,016,000 (for the eighteen months ended 30 June 2021: HK\$595,709,000) and on the weighted average of approximately 6,298,816,000 shares in issue during the year (for the eighteen months ended 30 June 2021: 6,298,816,000 shares).

No diluted loss per share is presented as the Company had no potential ordinary shares outstanding during any time in both periods presented.

## 11. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Aged analysis of trade receivables, after allowance for doubtful debts, is presented based on the invoice dates at the end of the reporting period, which approximates the respective revenue recognition dates, is as follows:

	<b>30 June 2022 HK\$'000</b>	30 June 2021 HK\$'000
0–30 days	4,929	1,453
31–60 days	214	1,114
61–90 days	8,325	5,568
91–120 days	11	2,635
121–180 days	10,295	1,470
181–365 days	14,280	6,085
Over 1 year	25,390	41,314
	<u>63,444</u>	<u>59,639</u>

## 12. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables presented based on the invoice dates at the end of the reporting period:

	<b>30 June 2022 HK\$'000</b>	30 June 2021 HK\$'000
0–60 days	1,480	627
61–90 days	—	4,554
Over 90 days	56,641	50,750
	<u>58,121</u>	<u>55,931</u>

## 13. EVENTS AFTER THE REPORTING PERIOD

Except for those as disclosed in note 2 to this announcement, the Group has no other material events occurred after the reporting period.

## **EXTRACT FROM INDEPENDENT AUDITOR’S REPORT**

The below sections set out an extract of the auditor’s report issued by CCTH CPA Limited, the independent auditor of the Company, regarding the consolidated financial statements of the Group for the year ended 30 June 2022:

### **DISCLAIMER OF OPINION**

We were engaged to audit the consolidated financial statements of GTI Holdings Limited (In Liquidation) (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) which comprise the consolidated statement of financial position as at 30 June 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### **Basis for disclaimer opinion**

#### **1. *Going Concern***

We draw attention to note 2 to the consolidated financial statements which mentions that the Group incurred a loss attributable to owners of the Company of approximately HK\$108,016,000 for the year ended 30 June 2022 and as at 30 June 2022 the Group had net current liabilities and net liabilities of HK\$1,257,340,000 and HK\$1,223,770,000 respectively. This condition indicates a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the debt restructuring of the Group will be successfully completed and other future external funding available at a level sufficient to finance the working capital requirements of the Group. The consolidated financial statements do not include any adjustments that would result from the failure to obtain the necessary fundings from the restructuring plan and other external sources. In view of the extent of the uncertainty relating to the availability of future funding, we disclaim our opinion in respect of the material uncertainty relating to the going concern basis.

Any adjustments to be made in respect of the above matters might have a significant consequential effect on the Group’s consolidated financial performance and consolidated cash flows for the year ended 30 June 2022 and the consolidated financial position of the Group as at 30 June 2022, and the related disclosures thereof in the consolidated financial statements.

## **2. *Loss on deconsolidation of the Cambodia Group***

In July 2020, administrator was appointed for the Group's major subsidiaries in Cambodia which were engaged in production, sale and trading of textile products. The directors of the Company considered that the control over four 100% owned subsidiaries, Dignity Knitter Limited, Great Honour Textile Factory Limited, Eco Base Factory Ltd and Chung Yick Textile Factory Limited (the "**Cambodia Group**") had been lost. Since then, the directors of the Company neither had control over the operating and financial activities, nor any access to the underlying accounting books and records of the Cambodia Group. The directors of the Company considered it appropriate to deconsolidate the result, assets, liabilities and cash flows of the Cambodia Group as from the date of which control was lost, In addition, the directors also considered it appropriate to recognise loss on deconsolidation of the Cambodia Group amounted to approximately HK\$14,489,000 in profit or loss in respect of the prior period in view that the Group is not likely to recover the investment, as disclosed in note to the consolidated financial statements.

Regarding the loss on deconsolidation of the Cambodia Group amounted to HK\$14,489,000 charged to profit or loss of the Group for the comparative eighteen months ended 30 June 2021 and included in other gains and losses as presented in the consolidated financial statements, we have not yet obtained sufficient appropriate audit evidence to satisfy ourselves as to whether the loss on deconsolidation of the Cambodia Group of approximately HK\$14,489,000 have been accurately recorded and properly accounted for in the consolidated financial statements.

## **3. *Investments in associates***

Regarding the comparative information of investments in associates presented in the consolidated financial statements, we were unable to obtain sufficient and appropriate audit evidence to satisfy ourselves as to (i) whether the share of results of associates of approximately HK\$624,000 for the eighteen months ended 30 June 2021 was properly recorded; and (ii) whether the impairment losses recognised on investments in associates of approximately HK\$11,817,000 in profit or loss of the Group for the eighteen months ended 30 June 2021 was properly recorded.

Any adjustments to be made in respect of point 2 and 3 above might have a significant consequential effect on the Group's consolidated financial performance and consolidated cash flows for the year ended 30 June 2021 and the related disclosures thereof in the comparative figures for the consolidated financial statements only, and it would not affect the consolidated financial position of the Group as at 30 June 2021 and 30 June 2022.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW AND PROSPECTS

#### Business review

GTI Holdings Limited (In Liquidation) (the “**Company**”) was incorporated in the Cayman Islands under the Companies Law of the Cayman Islands as an exempted company with limited liabilities on 9 June 2004. The Company’s shares were listed on the main board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The Company and its subsidiaries (the “**Group**”) are principally engaged in sales and trading of textile products (including surgical masks), trading of petroleum and chemical products, RMB banknotes clearing up services.

The Group’s consolidated revenue for the year ended 30 June 2022 compared with the eighteen months ended 30 June 2021 increased by 54.21% from approximately HK\$643,426,000 for the eighteen months ended 30 June 2021 to approximately HK\$992,241,000 for the year ended 30 June 2022, while the net loss for the year decreased to approximately HK\$137,608,000 as compared to approximately HK\$602,364,000 for the eighteen months ended 30 June 2021.

#### Textile business

During the year ended 30 June 2022, the revenue from the textile business was approximately HK\$57,090,000. Compared to the eighteen months ended 30 June 2021, the revenue from the textile business increased significantly by 78.45%. The overall segment resulting from textile business improved from the loss of approximately HK\$73,314,000 in last period to a profit of approximately HK\$6,255,000 this year.

The Group had implemented the restructuring on and extension of the textile business by entering into the surgical mask industry through acquisition of Titok Investment Limited and Profit Fortune International Limited in September 2020 and April 2021 respectively, which has enriched the Group’s textile business and profile. The production and trading of surgical mask have generated revenue of approximately HK\$38,895,000 for the year ended 30 June 2022 since its operating license approved in May 2021.

The Group has also resumed on the production of garment products through the lease of factory in Hebei, the PRC. The production and trading of garment products generated revenue of approximately HK\$18,195,000 during the year ended 30 June 2022, compared with revenue of approximately HK\$31,992,000 for the eighteen months ended 30 June 2021.

## Trading of petroleum and chemical products business

Trading of petroleum and chemical products business was the major source of the revenue of the Group during the year ended 30 June 2022. Despite the unfavourable market condition and intensive oil price volatility during the year, the Group has approached more potential customers in the trading of petroleum and chemical products for the year ended 30 June 2022, with revenue increased significantly from approximately HK\$576,764,000 for the eighteen months ended 30 June 2021 to approximately HK\$922,044,000 for the year ended 30 June 2022. The trading of petroleum and chemical products business remains as the Group's major source of revenue, representing over 92.9% of the Group's total revenue for the year ended 30 June 2022.

## RMB banknotes clearing up services business

Our Group's subsidiary, Zhongcheng Huiyu Technology Services Company Limited, together with its subsidiaries ("**Zhongcheng Huiyu**"), were principally engaged in the provision of financial outsourcing services of RMB banknotes clearing up services in the PRC. We offer one-stop professional financial outsourcing services for the branches of the People's Bank of China and its local commercial banks in the PRC.

During the year ended 30 June 2022, the revenue from RMB banknotes clearing up services business was approximately HK\$13,107,000, as compared to approximately HK\$34,670,000 for the eighteen months ended 30 June 2021, representing a significant drop in revenue of 62.2%. Affected by the winding up of the Company, the customers of Zhongcheng Huiyu terminated their service contracts with the Group and this led to a significant drop in revenue since December 2021, this segment resulted a loss of approximately HK\$80,845,000 for the year ended 30 June 2022, compared to loss of approximately HK\$8,191,000 for the eighteen months ended 30 June 2021.

As disclosed in the Company's announcement dated 29 January 2021, Mr. Hao Zhao (the "**Vendor**") had provided profit guarantee in favour of the Group for the performance of Zhongcheng Huiyu. Considering that the business performance of Zhongcheng Huiyu was affected by the winding up petitions against the Company and further affected by the Outbreak of COVID-19, which are beyond the control of the Company, the Vendor and the Guarantor, the Group has entered into a conditional supplemental deed dated 29 January 2021 with the Vendor and the Guarantor to extend the profit guarantee period, pursuant to which the Vendor irrevocably warrants and guarantees to the Group that the audited consolidated net profit after tax of Zhongcheng Huiyu for the financial year ended 31 December 2019 and for the financial years ending 31 December 2021, 31 December 2022 and 31 December 2023 shall not be less than RMB23,000,000, RMB8,000,000, RMB30,000,000 and RMB36,000,000 (the "**New Guaranteed Profits**") respectively and the Guarantor has agreed to guarantee the performance of the obligations by the Vendor.

However, the wound up of the Company on 22 November 2021 further affected the business of Zhongcheng Huiyu and the business was effectively suspended in 2022. Given the impact is huge to Zhongcheng Huiyu, the vendor is currently negotiating with the Group on the New Guaranteed Profits, and a compensation of HK\$5 million was received so far up to the date of this announcement.

## Prospects

Despite the uncertainties and challenges casted by the macroeconomic and political factors, during the period, the Board has reviewed the businesses of the Group with a view to improving the shareholders' returns, streamlining and strengthening the business operations.

As announced on 2 May 2023, the Company received a letter from the HKEX stating that the Listing Committee has considered the Company's case and decided to cancel the Company's listing under Rule 6.01A of the Listing Rules (the "**Delisting Decision**"). The Company submitted an application requesting the Delisting Decision to be referred to the Listing Review Committee for review pursuant to Chapter 2B of the Listing Rules (the "**LRC Review**") on the same date.

Despite the significant delay in appointing the joint and several liquidators of the Company, the Group remained focus in continuing the existing business during the year. The Group started the production and trading of surgical mask in August 2021 and its result was satisfactory due to the Outbreak's continuance in 2021. Also, since July 2021, the Group resumed its production and trading of garment products through lease of factories in the PRC in order to fulfill the criteria of resumption guidance imposed by the Stock Exchange. The Board will continue to seek business opportunity in order to increase the revenue for this segment.

During 2021 and 2022, the Group maintained its cautious and conservative approach on the trading of petroleum and chemical business in view of the uncertain economic conditions with the oil price volatility. The management will continue to seek business opportunity to expand any sort of natural resources and energy related business in the future.

The management expects that the RMB banknotes clearing up services business will be suspended until the Group's restructuring plan is concluded and the proposed scheme of arrangement between the Company and its creditors has been implemented. The management will assess whether the Group will resume this business only when the restructuring succeeds.

Looking forward, the Group will need to continue to implement cautious approach on the development of the existing businesses and seek for better business opportunities to mitigate the impacts of the market's current volatility and to improve the performance of the Group so as to pursue a satisfactory return to our shareholders. The financial restructuring will further proceed subject to the supervision of the JSLs. The management of the Company will minimise all non-core assets and liabilities so that the Group will restore into a healthier financial position.

## FINANCIAL REVIEW

### Turnover

The turnover of the Group increased by approximately 54.21% from approximately HK\$643,426,000 during the eighteen months ended 30 June 2021 to approximately HK\$992,241,000 for the year ended 30 June 2022.

The trading of petroleum and chemical products became the major contributor of turnover of the Group and it represented approximately 92.93% of the Group's total revenue during the year under review. The trading of petroleum and chemical products was mainly carried out in the Mainland China.

For the year ended 30 June 2022, the turnover from the textile business was approximately HK\$57,090,000 which accounted for approximately 5.75% of the turnover of the Group. The Group resumed its textile business through the lease of factory in Hebei, the PRC, and the Group also started the production and trading of surgical masks business acquired from the investor during the year. These businesses contributed revenue of approximately HK\$38,895,000 and HK\$18,195,000 respectively during the year ended 30 June 2022.

During the year ended 30 June 2022, the revenue from RMB banknotes clearing up services business was approximately HK\$13,107,000 and represented approximately 1.32% of the Group's total revenue.

### Cost of sales and gross profit or loss margin

The cost of sales increased by approximately 51.74% from HK\$627,790,000 for the eighteen months ended 30 June 2021 to approximately HK\$952,633,000 during the year ended 30 June 2022. There had been a gross profit of approximately HK\$39.6 million as compared to gross profit of approximately HK\$15.6 million in the eighteen months ended 30 June 2021. The gross profit margin increased by HK\$24 million because of the contribution made by the production, sale and trading of surgical masks business.

### Other gains and losses

During the year ended 30 June 2022, other gains mainly derived from the disposal of land and buildings amounted to approximately HK\$22,027,000. Other losses mainly represented the impairment losses of property, plant and equipment, intangible assets and goodwill amounted to HK\$9,688,000, HK\$8,700,000 and HK\$601,000 respectively and the fair value loss on derivative financial instruments amounted to HK\$12,969,000.

## **Selling and distribution costs**

Selling and distribution costs mainly included transportation cost, accessories and packing expenses. During the year ended 30 June 2022, the Group's overall selling and distribution costs decreased to HK\$1,204,000, representing approximately 0.1% of the Group's revenue. The selling and distribution costs are low as the major customers are local customers and the cost of delivery is low.

## **Administrative expenses**

Administrative expenses decreased by approximately 63.4% to approximately HK\$51,196,000 during the year ended 30 June 2022. It mainly consisted of staff costs which covered employees' salaries and welfare and directors' remuneration, depreciation of property, plant and equipment, amortisation of intangible assets and legal and professional fees. It represented approximately 5.2% of the Group's revenue.

## **Finance costs**

Finance costs mainly comprised of interests on bank and other borrowings which decreased to approximately HK\$33,996,000 for the year ended 30 June 2022. The finance costs represented the interests incurred for bank and other borrowings up to the wound up date of the Company.

## **Borrowings**

As at 30 June 2022, the Group had outstanding bank and other borrowings of approximately HK\$1,251,914,000. The total bank and other borrowings increased by approximately HK\$5,548,000 when comparing with the balance as at 30 June 2021 as a result of accrued interest of HK\$33,996,000 and the repayment of bank borrowings and exchange difference during the year ended 30 June 2022.

## **Liquidity and financial resources**

As at 30 June 2022, the Group's bank balances and cash decreased from approximately HK\$22,988,000 as at 30 June 2021 to HK\$6,726,000 as at 30 June 2022. The Group's total assets were approximately HK\$270,128,000 as at 30 June 2022. The Group will continue to focus on improving the net cash from operating activities and asset restructuring and to meet its funding requirements in its usual course of operation by improving profitability, procuring the disposal of non-core or idle assets and implementing tighter control over costs, working capital and capital expenditure. The sales and purchases of the Group were denominated in Hong Kong dollar, US dollar and Renminbi. The Group will remain concerned about the fluctuations in exchange rate of foreign currencies such as US dollar and Renminbi. To mitigate the foreign currency risk, the Group will consider entering into appropriate hedging arrangements from time to time.

## **Capital Commitments**

The Group did not have any capital commitments as at 30 June 2022.

## **Dividend policy**

The declaration of dividends is subject to the discretion of the Directors and is expected to take into account various factors such as the Group's financial results, shareholders' interests, general business conditions and strategies, the Group's capital requirements, contractual restrictions on the payment of dividends by the Company to its shareholders or by the Group's subsidiaries to the Company, taxation considerations, possible effects on the Group's creditworthiness, statutory and regulatory restrictions and any other factors as the Directors may deem relevant. Taking into account the accumulated losses of the Company, the Board of Directors of the Company does not recommend the payment of final dividend for the eighteen months ended 30 June 2022.

## **The actual or potential impact on the Group's financial position on 2021 audit qualification**

In relation to the point 2 and 3 of the qualified opinion for the eighteen months ended 30 June 2021 (“**Audit Qualification**”), the Auditors were unable to determine whether any adjustments to the loss on deconsolidation of the Cambodia Group, the share of results of associates and the impairment losses on investments in associates during the eighteen months ended 30 June 2021 were necessary, which may have a significant impact on the Group's financial position as at 31 December 2019, 1 January 2020 and 30 June 2021, and on the financial performance and the elements making up the consolidated statement of cash flows of the Group for the eighteen months ended 30 June 2021 and the related disclosures.

Since the Cambodia Group has been deconsolidated from the Group, and the interests in associates which the qualified opinion addressed were disposed of during the eighteen months ended 30 June 2021, the Audit Qualification would only affect the comparability of the loss on deconsolidation of Cambodia Group, the share of results of associates and the impairment losses on investments in associates recognised in the eighteen months ended 30 June 2021, but it would not affect the financial position of the Group as of 30 June 2021 and the accumulated losses of the Group for the financial year ended 30 June 2022.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the eighteen months ended 30 June 2022, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares.

## **DISCLOSURE OF CHANGES IN INFORMATION OF DIRECTOR**

Pursuant to Rule 13.51B(1) of the Listing Rules, there is no change in Directors' information since the date of the 2021 Annual Report.

## **CORPORATE GOVERNANCE**

The Company is committed to the implementations of good corporate governance practices and procedures.

None of the directors of the Company (the “**Directors**”) is aware of any information which would reasonably indicate that the Company is not, or was not in compliance with the code provisions as set out in the Corporate Governance Code (the “**Corporate Governance Code**”) as set out in Appendix 14 to the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) during the year ended 30 June 2022, apart from an executive director located in the PRC did not attend the general meeting of the Company.

## **DIVIDENDS**

The Board resolved not to declare any dividend for the year ended 30 June 2022 (eighteen months ended 30 June 2021: Nil) to the shareholders.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of the Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors’ securities transactions. Specific enquiry has been made to all Directors, and the Directors have confirmed that they have complied with all relevant requirements as set out in the Model Code for the year ended 30 June 2022.

## **EVENTS AFTER REPORTING DATE**

Except for matters as set out in note 2 to this announcement, there were no material subsequent events after the year ended 30 June 2022 and up to the date of this announcement.

## **REVIEW OF THIS ANNUAL RESULTS ANNOUNCEMENT**

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 30 June 2022 as set out in this announcement have been agreed by the Company’s auditor, CCTH CPA Limited, to the amounts set out in the Group’s consolidated financial statements for the year ended 30 June 2022. The work performed by CCTH CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by CCTH CPA Limited on this announcement.

## **PUBLICATION OF FINANCIAL INFORMATION**

This results announcement is published on the website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)). The annual report will be despatched to the shareholders of the Company and available on the above website in due course.

## **AUDIT COMMITTEE**

The primary responsibilities of the audit committee of the Company (the “**Audit Committee**”) are to make recommendation to the Board on the appointment and removal of external auditors, review the financial statements and material advice in respect of financial reporting at least at half-year intervals, and oversee the risk management policies and internal control procedures of the Group constantly. The Audit Committee currently consists of three members, namely, Mr. Chan Shu Kin, Mr. Chung Lim Tung and Mr. Ng Ka Lun, all of whom are independent non-executive Directors. Mr. Chan Shu Kin currently serves as the chairman of the Audit Committee. The Audit Committee has reviewed with senior management of the Group, this announcement, the accounting principles and practices adopted by the Group and has discussed internal controls and financial reporting matters, including the review of Group’s audited consolidated financial statements for the year ended 30 June 2022.

## **SUFFICIENCY OF PUBLIC FLOAT**

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this announcement, the Company has maintained the prescribed public float of not less than 25% of the Company’s issued shares as required under the Listing Rules for the year ended 30 June 2022.

## **CONTINUED SUSPENSION OF TRADING**

At the request of the Company, trading in the Company’s shares on The Stock Exchange of Hong Kong Limited was suspended from 9:00 a.m. on 4 October 2021 and will remain suspended until further notice. Shareholders and other investors are advised to exercise caution when dealing in the shares of the Company.

**The Joint and Several Liquidators were only appointed on 20 January 2023 and with limited information in relation to the Group who are not in a position to confirm the completeness, existence and accuracy of the historical result of the Group. The Joint and Several Liquidators do not accept or assume responsibility for these audited consolidated financial statements for the year ended 30 June 2022 for any purpose or to any person to whom these audited consolidated financial statements are shown or into whose hands they may come.**

**Shareholders and potential investors are advised to exercise caution when dealing in the Shares of the Company.**

By order of the Board  
**GTI Holdings Limited**  
*(In Liquidation)*  
**Tan Teng Hong**  
*Executive Director*

Hong Kong, 8 June 2023

*According to the information available from the previous announcement made by the Company, immediately before the making of winding up order against the Company by the Court, the Board comprises (i) Mr. Ng Kwok Hung Perry, Mr. Hao Xiangbin and Mr. Tan Teng Hong as executive Directors; and (ii) Mr. Chan Shu Kin, Mr. Chung Lim Tung, Mr. Ng Ka Lun and Mr. Zhou Weijia (alias Zhou Yi) as independent non-executive Directors.*

*The affairs, business and property of the Company are being managed by the Joint and Several Liquidators who act as the agents of the Company only and are not subject to personal liability.*