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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 2016

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 2016 together with comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2016

	Notes	Six months ended 30 June	
		2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited) (restated)
Continuing operations			
Turnover	3	(10,408)	139,073
Cost of sales		(964)	(845)
Gross (loss)/profit		(11,372)	138,228
Net unrealised (loss)/gain on financial assets at fair value through profit or loss		(500,334)	973,593
Other income	4	2,624	1,254
Share of (loss)/profit of associates		(5,055)	18,222
Impairment loss on available-for-sale financial assets		(215,000)	–
Administrative expenses		(43,781)	(32,025)
Finance costs		(51,893)	(122)
(Loss)/profit before taxation		(824,811)	1,099,150
Income tax expense	5	–	–
(Loss)/profit for the period from continuing operations	4	(824,811)	1,099,150

		Six months ended 30 June	
		2016	2015
Notes		HK\$'000	HK\$'000
		(unaudited)	(unaudited) (restated)
Discontinued operation			
	Loss for the period from discontinued operation	—	(25,441)
	(Loss)/profit for the period	(824,811)	1,073,709
Attributable to:			
	Owners of the Company	(824,811)	1,073,709
	Non-controlling interests	—	—
		(824,811)	1,073,709
		Six months ended 30 June	
		2016	2015
		(unaudited)	(unaudited) (restated)
(Loss)/earnings per share			
From continuing and discontinued operations			
	— Basic and diluted (HK\$ per share)	6(a) (1.06)	2.10
From continuing operations			
	— Basic and diluted (HK\$ per share)	6(b) (1.06)	2.15

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

For the six months ended 30 June 2016

	Six months ended 30 June	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
(Loss)/profit for the period	(824,811)	1,073,709
Other comprehensive income/(expense)		
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Exchange differences arising on translation of overseas operations	81	(931)
Share of other comprehensive expense of associates	(706)	–
Fair value change in available-for-sale financial assets	6,172	(1,812)
Other comprehensive income/(expense) for the period (net of tax)	5,547	(2,743)
Total comprehensive (expense)/income for the period	(819,264)	1,070,966
Attributable to:		
Owners of the Company	(819,264)	1,070,966
Non-controlling interests	–	–
	(819,264)	1,070,966

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Notes	As at 30 June 2016 <i>HK\$'000</i> (unaudited)	As at 31 December 2015 <i>HK\$'000</i> (audited)
Non-current assets			
Property, plant and equipment		12,544	14,211
Interests in associates	8	389,910	395,671
Amount due from an associate		37,004	35,702
Available-for-sale financial assets	7	9,468	218,224
Other assets		2,230	2,460
Trading right		–	–
		451,156	666,268
Current assets			
Trade and other receivables	9	43,909	23,303
Short-term loans receivable	10	120,000	5,000
Financial assets at fair value through profit or loss		1,907,916	1,496,563
Bank balances held under segregated trust accounts	11	41,622	101,445
Bank balances and cash		50,918	74,781
		2,164,365	1,701,092
Current liabilities			
Trade and other payables	11	84,299	128,049
Short-term loans payable	12	530,000	–
Tax liabilities		2,666	2,666
Provision	13	8,000	8,000
		624,965	138,715
Net current assets		1,539,400	1,562,377
Total assets less current liabilities		1,990,556	2,228,645
Non-current liability			
Long-term loans payable	12	581,175	–
Net assets		1,409,381	2,228,645

		As at 30 June 2016 <i>HK\$'000</i> (unaudited)	As at 31 December 2015 <i>HK\$'000</i> (audited)
Capital and reserves			
Share capital	<i>14</i>	2,674,001	2,674,001
Reserves		(1,268,010)	(448,746)
		<hr/>	<hr/>
Equity attributable to owners of the Company		1,405,991	2,225,255
Non-controlling interests		3,390	3,390
		<hr/>	<hr/>
Total equity		<u>1,409,381</u>	<u>2,228,645</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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 2015 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 2015 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company’s auditors have reported on those financial statements. The auditors’ report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

2. SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the annual report of the Company for the year ended 31 December 2015.

In the current interim period, the Company and its subsidiaries (collectively referred to as the “Group”) have applied, for the first time, the following new or revised standards, amendments and interpretations (“new HKFRSs”) issued by the HKICPA, which are effective for the Group’s accounting period beginning on 1 January 2016:

Amendments to HKAS 1	Presentation of Financial Statements: Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle

The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in the condensed consolidated financial statements and/or disclosures set out in the condensed consolidated financial statements.

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

The net realised gain or loss on financial assets at fair value through profit or loss for the six months ended 30 June 2016 was classified as a component of the turnover of the Group, rather than as an item similar to other income. The comparative figures for the six months ended 30 June 2015 was restated accordingly.

Details of the reclassification and impact to the condensed consolidated financial statements of the Group for the six months ended 30 June 2015 were set out in the announcement of the Company dated 15 December 2015.

During the year ended 31 December 2015, the Group completed its disposal of the entire interest in its wholly-owned subsidiary, Union Bless Limited and its subsidiaries (the “Disposed Group”), to an independent third party at a cash consideration of HK\$20,000,000. The principal asset of the Disposed Group was the mining right in respect of a magnetite iron ore mine located in Guangdong Province, the People’s Republic of China (“PRC”). Accordingly, the results of mining business for the six months ended 30 June 2015 have been re-presented/restated as a discontinued operation in the condensed consolidated financial statements.

3. TURNOVER AND SEGMENT INFORMATION

An analysis of the Group’s turnover for the reporting periods from continuing operations is as follows:

	Six months ended 30 June	
	2016	2015
	<i>HK\$’000</i>	<i>HK\$’000</i>
	(unaudited)	(unaudited) (restated)
Net results from securities trading*	(15,932)	110,667
Commission and brokerage income	1,962	28,248
Interest income from provision of finance	3,562	158
	<u>(10,408)</u>	<u>139,073</u>

* Represented the proceeds from the sale of investments at fair value through profit or loss of approximately HK\$83,740,000 (2015: approximately HK\$336,303,000) less cost of sales and carrying value of the investments sold of approximately HK\$99,672,000 (2015: approximately HK\$225,636,000).

The Group disposed of its mining operation in December 2015 and 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 Group’s senior executive management monitors the results and assets and liabilities attributable to each reportable segment on the following basis:

Segment turnover represents revenue generated from external customers.

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

Segment Turnover and Results

Six months ended 30 June 2016

	Trading of goods HK\$'000 (unaudited)	Provision of finance HK\$'000 (unaudited)	Brokerage and securities investment HK\$'000 (unaudited)	Elimination HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
TURNOVER					
External sales	–	3,562	(13,970)	–	(10,408)
Inter-segment sales*	–	–	104	(104)	–
Total	–	3,562	(13,866)	(104)	(10,408)
RESULTS					
Segment results	–	3,095	(522,698)	–	(519,603)
Unallocated income					1,452
Unallocated corporate expenses					(249,712)
Finance costs					(51,893)
Share of loss of associates					(5,055)
Loss before taxation					(824,811)
Income tax expense					–
Loss for the period					(824,811)

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

Six months ended 30 June 2015

	Trading of goods HK\$'000 (unaudited)	Provision of finance HK\$'000 (unaudited)	Brokerage and securities investment HK\$'000 (unaudited) (restated)	Elimination HK\$'000 (unaudited)	Total HK\$'000 (unaudited) (restated)
TURNOVER					
External sales	–	158	138,915	–	139,073
Inter-segment sales*	–	–	379	(379)	–
Total	–	158	139,294	(379)	139,073
RESULTS					
Segment results for continuing operations	–	(252)	1,108,053	–	1,107,801
Unallocated corporate expenses					(26,751)
Finance costs					(122)
Share of profit of associates					18,222
Profit before taxation (continuing operations)					1,099,150
Income tax expense					–
Profit for the period (continuing operations)					1,099,150

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

4. (LOSS)/PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS

	Six months ended 30 June	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited) (restated)
(Loss)/profit for the period from continuing operations has been arrived at after charging:		
Staff costs including directors' emoluments	12,365	10,426
Retirement benefits schemes contributions	374	305
	<hr/>	<hr/>
Total staff costs	12,739	10,731
	<hr/>	<hr/>
Depreciation of property, plant and equipment	2,393	2,276
Foreign exchange loss, net	4	–
	<hr/> <hr/>	<hr/> <hr/>
and after crediting:		
Interest income on:		
Bank deposits	10	8
Other loan and receivables	2,053	919
	<hr/>	<hr/>
Total interest income	2,063	927
Foreign exchange gain, net	–	10
Sundry income	561	317
	<hr/>	<hr/>
	2,624	1,254
	<hr/> <hr/>	<hr/> <hr/>

5. INCOME TAX EXPENSE (RELATING TO CONTINUING OPERATIONS)

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 PRC, PRC Enterprise Income Tax had not been recognised as there were no assessable profits.

6. (LOSS)/EARNINGS PER SHARE

(a) From continuing and discontinued operations

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

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
(Loss)/profit for the period		
(Loss)/profit for the period attributable to owners of the Company for the purpose of basic (loss)/earnings per share	(824,811)	1,073,709
	778,843	511,011
	778,843	511,011

Basic and diluted (loss)/earnings per share for the six months ended 30 June 2016 and 2015 have been presented as equal because the exercise prices of the Company's share options were higher than the average market price for the periods and is therefore considered as anti-dilutive.

The effects of the share consolidation on 6 February 2015 and the rights issue on 16 March 2015 have been included in the calculation of the weighted average number of ordinary shares for the purposes of basic and diluted earnings per share for the six months ended 30 June 2015.

(b) From continuing operations

The calculation of the basic and diluted (loss)/earnings per share from continuing operations attributable to the owners of the Company for the six months ended 30 June 2016 and 2015 is based on the following data:

	Six months ended 30 June	
	2016 <i>HK\$'000</i> (unaudited)	2015 <i>HK\$'000</i> (unaudited)
(Loss)/profit for the period attributable to owners of the Company	(824,811)	1,073,709
Add: Loss for the period from discontinued operation attributable to the owners of the Company	<u>–</u>	<u>25,441</u>
(Loss)/profit for the purpose of basic and diluted (loss)/earnings per share from continuing operations	<u>(824,811)</u>	<u>1,099,150</u>

The denominator used for both basic and diluted (loss)/earnings per share from continuing operations is 778,843,000 shares (2015: 511,011,000 shares), which is the same as that detailed above in (a).

(c) From discontinued operation

Basic and diluted loss per share for the discontinued operation is Nil (six months ended 30 June 2015: HK\$0.05 per share), based on the loss for the six months ended 30 June 2016 from discontinued operation of Nil (six months ended 30 June 2015: HK\$25,441,000). The denominator used for six months ended 30 June 2015 for both basic and diluted loss per share from discontinued operation was 511,011,000 shares, which is the same as that detailed above in (a).

7. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets represent the Group's investment in listed and unlisted securities. The listed securities of the Group at the end of the reporting period represent the Group's listed investment in Aurelia Metals Limited of which its shares are listed on the Australian Securities Exchange. They are measured at fair value based on the quoted market bid prices available on the relevant stock exchange at the end of the reporting period.

The unlisted securities of the Group at the end of the reporting period represented the Group's investment in unlisted securities in a private entity named Joint Global Limited ("Joint Global") and was measured at cost less impairment at the end of the reporting period.

Taking into account the unaudited net asset value of Joint Global as at 30 June 2016, and other relevant factors, full impairment of the value of the investment in Joint Global was made as at 30 June 2016.

8. INTERESTS IN ASSOCIATES

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

	As at 30 June 2016 <i>HK\$'000</i> (unaudited)	As at 31 December 2015 <i>HK\$'000</i> (audited)
Cost of investments in associates:		
— unlisted	333,919	333,919
Amounts due from associates (Note 8(b)(i))	36,081	36,081
	370,000	370,000
Share of results of associates:		
— Post-acquisition profits and other comprehensive income, net of dividends received	6,000	11,761
— Bargain purchase	13,910	13,910
	19,910	25,671
	389,910	395,671

(b) Details of each of the Group's associates at 30 June 2016:

Name of associates	Place of incorporation/ establishment	Issued and fully paid ordinary share capital/ registered capital	Place of operation	Proportion of equity interest held by the Group		Principal activities
				Directly %	Indirectly %	
China Sky Holdings Limited ("China Sky") (Note i)	The British Virgin Islands ("BVI")	US\$100,000	Hong Kong	40	–	Investment holding
Kim Dynasty Realty & Development Co. Ltd. ("Jintang") (Note i)	The PRC	US\$3,500,000	The PRC	–	40	Development, construction and building management of the Development Project
Success Quest Limited ("Success Quest") (Note ii)	BVI	US\$100	Hong Kong	50	–	Investments holding

Notes:

(i) China Sky and its subsidiary — Jintang (“China Sky Group”)

In March 2015, the Group completed its acquisition of the 40% of total issued capital of China Sky at the consideration of HK\$370,000,000. Jintang, the operating subsidiary of China Sky, is principally engaged in the business of development, construction and building management of the development project comprising the residential and commercial complex known as “Jintang New City Plaza” (金唐新城市廣場) (the “Development Project”) in Chongqing, the PRC.

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

(ii) Success Quest

On 7 July 2015, the Group entered into a sale and purchase agreement to acquire 50% of the total equity interest of Success Quest and 50% shareholders loan (in the principal amount of HK\$33,776,268) in Success Quest from Wealth Success Limited (“Wealth Success”) for a total consideration of approximately HK\$33,773,000.

As at 30 June 2016 and 31 December 2015, the principal business activity of Success Quest is investment in Anton Capital Investment Vehicle (“Anton Capital”), and the 11,464,366 ordinary units of Anton Capital held by Success Quest represent approximately 91.7% interest of Anton Capital, the trustee of which is Anton Advisory Pty Ltd (“AAPL”) who holds the remaining 8.3% of the units in Anton Capital. AAPL as trustee for Anton Capital holds 25% units on issue in George Street Property Trust which holds 100% interest in properties located at Sydney, Australia. The remaining 75% units were held by Austreo Property Ventures Pty Ltd. The acquisition was then and still is a passive investment in an Australian property fund by the Group. The shares and shareholders loan to Success Quest is currently owned as to 35% by Wealth Success, 50% by the Group and 15% by Perfect Oasis Limited.

Given the Group does not control the majority composition of the board of Success Quest, the Group has no control over Success Quest. However, the directors of the Company consider that the Group does have significant influence over Success Quest and Success Quest is therefore classified as an associate of the Group.

According to the terms stipulated in the trust deed of Anton Capital, Success Quest does not have control over the financial and operating policies of Anton Capital.

(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*

	As at 30 June 2016 HK\$'000 (unaudited)	As at 31 December 2015 HK\$'000 (audited)
Current assets	2,497,438	2,032,673
Non-current assets	7,039	7,312
Current liabilities	(844,964)	(1,210,090)
Non-current liabilities	(1,614,251)	(770,229)
Net assets	45,262	59,666
	Six months ended 30 June 2016 HK\$'000 (unaudited)	16 March 2015 (date of acquisition) to 30 June 2015 HK\$'000 (unaudited)
Revenue	7,293	160,499
Total comprehensive (expense)/income for the period	(14,404)	10,779
Proportion of the Group's ownership interests in China Sky Group	40%	40%
Bargain purchase	(5,761)	4,312
Share of (loss)/profit and other comprehensive (expense)/income of China Sky Group	–	13,910
	(5,761)	18,222
Dividends received from China Sky Group during the period	–	–

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

	As at 30 June 2016 HK\$'000 (unaudited)	As at 31 December 2015 HK\$'000 (audited)
Net assets of China Sky Group	45,262	59,666
Proportion of the Group's ownership interest in China Sky Group	40%	40%
	18,105	23,866
Effect of fair value adjustments at acquisition	335,724	335,724
Amounts due from China Sky Group	36,081	36,081
Carrying amount of the Group's interest in China Sky Group	389,910	395,671
 <i>(ii) Success Quest</i>		
	As at 30 June 2016 HK\$'000 (unaudited)	As at 31 December 2015 HK\$'000 (audited)
Current assets	–	–
Non-current assets	67,546	67,546
Current liabilities	–	–
Non-current liabilities	(74,025)	(71,431)
Net liabilities	(6,479)	(3,885)
		Six months ended 30 June 2016 HK\$'000 (unaudited)
Revenue		–
Loss for the period		(2,594)
Proportion of the Group's ownership interests in Success Quest		50%
Share of loss of Success Quest (Note)		–
Dividends received from Success Quest during the period		–

Note:

The Group has not recognised share of loss of Success Quest for the six months ended 30 June 2016 amounting to approximately HK\$1,297,000, as the Group has discontinued including its share of results of Success Quest once the cumulative share of losses of Success Quest is equal to the investment cost in Success Quest. The Group will not resume including its share of any future profits of Success Quest until its share of such profits equals the share of losses not recognised.

9. TRADE AND OTHER RECEIVABLES

	As at 30 June 2016 HK\$'000 (unaudited)	As at 31 December 2015 HK\$'000 (audited)
Trade receivables	34,662	18,021
Less: Impairment	(1,492)	(1,492)
	33,170	16,529
Other receivables and prepayments	11,095	7,130
Less: Impairment	(356)	(356)
	10,739	6,774
	43,909	23,303

Details of trade receivables are as follows:

	As at 30 June 2016 HK\$'000 (unaudited)	As at 31 December 2015 HK\$'000 (audited)
Trade receivables arising from securities brokerage business:		
Margin account clients	31,774	12,443
Cash account clients	1,144	5,281
Others	1,744	297
	34,662	18,021

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

An aging analysis of the trade receivables at the end of the reporting periods are as follows:

	As at 30 June 2016 HK\$'000 (unaudited)	As at 31 December 2015 HK\$'000 (audited)
0 to 60 days	30,160	11,460
61 to 90 days	75	69
Over 90 days	<u>4,427</u>	<u>6,492</u>
	<u>34,662</u>	<u>18,021</u>

10. SHORT-TERM LOANS RECEIVABLE

	As at 30 June 2016 HK\$'000 (unaudited)	As at 31 December 2015 HK\$'000 (audited)
Secured short-term loans receivable	<u>120,000</u>	<u>5,000</u>

As at 30 June 2016, the Group advanced two secured short-term loans of HK\$80,000,000 (“Loan A”) and HK\$40,000,000 (“Loan B”) to two independent third parties.

Details of the short-term loans receivable as at 30 June 2016 are as follows:

(i) Loan A

The loan facility bears interest at 15% per annum and it was secured by: (i) a charge over the entire share capital of a company, having as its principal asset a residential property in Hong Kong that has a market valuation (by an independent valuer) amounting to HK\$118 million as at 13 April 2016; and (ii) a charge over shares listed on the Main Board of The Stock Exchange of Hong Kong Limited owned by the borrower. The loan is repayable in April 2017.

Details of the provision of financial assistance are set out in the announcement of the Company dated 14 April 2016.

(ii) Loan B

The loan facility with principal amount of HK\$40,000,000 divided into two tranches: (i) HK\$30,000,000 which bears interest at 13% per annum; and (ii) HK\$10,000,000 which bears interest at 15% per annum. The loan is repayable in December 2016 and it is secured by the pledge over certain pieces of antiques and paintings and guaranteed by an independent third party.

Details of the provision of financial assistance are set out in the announcement of the Company dated 10 June 2016.

The HK\$5,000,000 short term loans receivables from an independent borrower as at 31 December 2015 were fully repaid during the six months ended 30 June 2016.

11. TRADE AND OTHER PAYABLES

	As at 30 June 2016 <i>HK\$'000</i> (unaudited)	As at 31 December 2015 <i>HK\$'000</i> (audited)
Trade payables	39,835	107,663
Other payables and accruals	27,959	20,336
Securities accounts	16,505	50
	<u>84,299</u>	<u>128,049</u>

Details of trade payables are as follows:

	As at 30 June 2016 <i>HK\$'000</i> (unaudited)	As at 31 December 2015 <i>HK\$'000</i> (audited)
Trade payables arising from securities brokerage business:		
Cash account clients	20,026	43,783
Margin account clients	19,809	63,880
	<u>39,835</u>	<u>107,663</u>

An aging analysis of the trade payables at the end of the reporting periods are as follows:

	As at 30 June 2016 <i>HK\$'000</i> (unaudited)	As at 31 December 2015 <i>HK\$'000</i> (audited)
0 to 60 days	15,617	82,275
61 to 90 days	1,168	4,460
Over 90 days	23,050	20,928
	<u>39,835</u>	<u>107,663</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\$41,622,000 (at 31 December 2015: approximately HK\$101,445,000) 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.

12. LOANS PAYABLE

	As at 30 June 2016 <i>HK\$'000</i> (unaudited)	As at 31 December 2015 <i>HK\$'000</i> (audited)
Short-term loans payable (Note (i))	530,000	–
Long-term loans payable (Note (ii))	581,175	–
	1,111,175	–

Notes:

- (i) Loan of principal amount of HK\$500,000,000 represented the loan from an independent third party, which is unguaranteed, unsecured, interest-bearing at 1% per month and scheduled to be repayable in July 2016. Subsequent the repayment date has been extended to October 2016 as agreed by the Company and the lender.

Loan of principal amount of HK\$30,000,000 represented the loan from an independent third party, which is unguaranteed, unsecured, interest-bearing at 10% per annum and repayable in February 2017.

- (ii) The loans were advanced from two financial institutions with guarantee, secured by the equity interest of an associate, and are repayable in March 2019.

The loan with principal amount of US\$25,000,000 (equivalent to approximately HK\$193,725,000) bears interest at 8% per annum while the loan with principal amount of US\$50,000,000 (equivalent to approximately HK\$387,450,000) bears interest at 12.75% per annum.

13. PROVISION

During the year ended 31 December 2008, a subsidiary of the Company principally engaged in securities brokerage might be found liable to certain third parties for certain irregular transactions allegedly conducted by its former employee involving an aggregate amount of approximately HK\$9,250,000 and a provision of HK\$9,250,000 was made in that year. The matters had been first reported to the relevant enforcement agencies by such subsidiary in March 2009 and the former employee was convicted by the High Court of Hong Kong in 2009.

During the year ended 31 December 2011, an individual issued a claim against the Group for loss for RMB1,103,000 (equivalent to approximately HK\$1,359,000) plus interest. The claim was fully settled in March 2012 by a payment of RMB600,000 (equivalent to approximately HK\$730,000) and deducted from the provision, of which HK\$1,250,000 was provided for this individual during the year ended 31 December 2008. The remaining provision in respect of this individual amounting to HK\$520,000 was written off as sundry income for the year ended 31 December 2012.

As at 30 June 2016, the outstanding provision regarding to this incident was HK\$8,000,000 (at 31 December 2015: HK\$8,000,000).

In addition, pursuant to a preliminary legal advice, such subsidiary may also be subject to a maximum penalty of HK\$10,000,000 to the enforcement agency for the allegedly irregular transactions conducted by the former employee. In the opinion of the directors, since the investigation of the matters by the enforcement agency is in progress, up to the end of the reporting period, no penalty against the subsidiary has been received and further, the directors cannot reasonably estimate the outcome of the matters and thus, the Group did not provide any provision on such potential penalty as at 30 June 2016 (at 31 December 2015: Nil). The possible maximum penalty of HK\$10,000,000 is therefore regarded as a contingent liability of the Group as at 30 June 2016 (at 31 December 2015: HK\$10,000,000).

14. SHARE CAPITAL

	2016		2015	
	Number of shares (<i>'000</i>)	<i>HK\$'000</i> (unaudited)	Number of shares (<i>'000</i>)	<i>HK\$'000</i> (audited)
Issued and fully paid:				
At 1 January 2016 and 2015	778,843	2,674,001	389,421	2,266,087
Share consolidation (Note (i))	–	–	(311,537)	–
Issue of shares pursuant to rights issue (Note (ii))	–	–	700,959	407,914
	<u>–</u>	<u>–</u>	<u>700,959</u>	<u>407,914</u>
At 30 June 2016 and 31 December 2015	<u>778,843</u>	<u>2,674,001</u>	<u>778,843</u>	<u>2,674,001</u>

Notes:

- (i) The share consolidation of every five shares in the capital of the Company into one consolidated share was effective on 6 February 2015. Details of the share consolidation are set out in the circular of the Company dated 24 December 2014.
- (ii) On 16 March 2015, the Group issued a total of 700,958,385 new shares as a result of the rights issue. Net proceeds of approximately HK\$407,914,000 were raised. Details of the rights issue are set out in the prospectus of the Company dated 24 February 2015.

INTERIM DIVIDEND

The Company had no distributable reserve as at 30 June 2016. The Board has resolved not to declare an interim dividend for the six months ended 30 June 2016 (2015: Nil).

INTERIM RESULTS

The Company and its subsidiaries (collectively referred to as the “Group”) recorded a loss attributable to the Company’s shareholders of approximately HK\$824,811,000 for the six months ended 30 June 2016 (2015: profit attributable to the Company’s shareholders of approximately HK\$1,073,709,000) and loss per share was approximately HK\$1.06 (2015: earnings per share of approximately HK\$2.10) due mainly to the recognition of unrealised loss on investment of marketable securities from the Group’s securities investment operation and impairment loss on available-for-sale financial assets.

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 negative turnover of approximately HK\$10,408,000 (2015: positive turnover of approximately HK\$139,073,000) with gross loss of approximately HK\$11,372,000 (2015: gross profit of approximately HK\$138,228,000). The decrease in turnover and gross loss were primarily attributable to the recognition of a net realised loss on investment in securities of approximately HK\$15,932,000 (2015: net realised gain on investment in securities of approximately HK\$110,667,000) from the Group’s securities investment operation.

Finance operation

The interest income and operating profit generated by the financing operation were approximately HK\$3,562,000 (2015: approximately HK\$158,000) and approximately HK\$3,095,000 (2015: operating loss of approximately HK\$252,000) respectively. Such an improvement was primarily attributable to a higher average balance of loans advance to customers as compared to that of the last corresponding period (note 10). It is the Group’s policy to adopt a prudent approach on and regularly review the composition of the loan portfolio and lending rates charged in order to maximise the return of the operation.

Brokerage and securities investment operation

Reference is made to the announcement of the Company dated 15 December 2015. Having reviewed the significant increase in the amount of trading in securities by the Group in the recent years, and taking into account the increased focus of the Group on the business of brokerage and securities investment in the current years, the directors of the Company considered that it would be more appropriate to classify the net realised gain or loss on financial assets at fair value through profit or loss as a component of the turnover of the Group, rather than as in item similar to other income.

Taking into account the brokerage commission income and the net realised gains or loss on the securities investment of the Group's securities brokerage division, a negative turnover of approximately HK\$13,866,000 was recorded for the period under review, as compared to a positive turnover of approximately HK\$139,294,000 in the same period of last year. Such a decrease was caused by the recognition of a net realised loss on investment in securities of approximately HK\$15,932,000 (2015: net realised gain on investment in securities of approximately HK\$110,667,000) during the period under review.

The overall performance of this operation for the period under review recorded a loss of approximately HK\$522,698,000 (2015: profit of approximately HK\$1,108,053,000), mainly as a result of the recognition of an unrealised loss on investment in securities amounting to approximately HK\$500,334,000 (2015: unrealised gain on investment in securities of approximately HK\$973,593,000). Such unrealised loss on investment in securities was attributable to the decrease in the market price of listed securities held by the Group for investment purpose. As at 30 June 2016, the market value of the Group's listed securities portfolio amounted to approximately HK\$1,907,916,000 (at 31 December 2015: approximately HK\$1,496,563,000).

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 2016 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\$1,907,916,000 as at 30 June 2016 is summarised below:

Name of securities	% of shareholding in the listed securities held by the Group as at 30 June 2016	Unrealised gain/(loss) on financial assets at fair value through profit or loss as at 30 June 2016 HK\$'000	Fair value of the investment in listed securities as at 30 June 2016 HK\$'000
China Innovative Finance Group Limited (stock code: 412)	3.32%	(26,754)	513,421
HengTen Networks Group Limited (stock code: 136)	2.06%	(320,945)	491,857
Freeman Financial Corporation Limited (stock code: 279)	6.14%	36,485	435,362
China Smarter Energy Group Holdings Limited (stock code: 1004)	4.35%	(122,389)	203,982
NetMind Financial Holdings Limited (stock code: 985)	3.04%	(8,237)	98,843
Others		(58,494)	164,451
Total		(500,334)	1,907,916

The Hong Kong stock market has been volatile during the period, with a plunge in January and February and followed by a surge and continued sluggish performance in the remaining period. Going forward, the Board envisages that the performance of the equities (and thus their values) will be susceptible to external factors. In order to mitigate possible financial risks related to the equities, the Group will further review the Group's investment portfolio and closely monitor the performance of the listed securities from time to time.

Trading operation

The Group's trading operation remained inactive and did not generate any turnover for the period under review (2015: Nil). Although the Group has been placing its focus in the development of its other businesses in the past period, yet it will continue to explore suitable business opportunities on trading in the future.

Property development

The Group's property development business consists of 40% of the entire issued share capital of China Sky Holdings Limited (the "China Sky" and together with its subsidiary, the "China Sky Group"), which was acquired by the Group from Mr. Liang Shan, an executive director of the Company, and was completed in March 2015 (the "Acquisition").

The China Sky Group is principally engaged in the development, construction and building management of the Development Project which is located in Chongqing, the PRC. The "Development Project" comprises a residential and commercial complex known as "Jintang New City Plaza*" (金唐新城市廣場) (the "Plaza") 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 with a site area of approximately 30,817 square meters. The total gross floor area designated for residential use is 53,883.20 square meters; for shopping mall (商舖) is 36,012.85 square meters; for office premises is 40,865.48 square meters; for car parking areas and other uses is 56,512.26 square meters respectively. The terms for the grant of the land use right of the land are 52 years for the residential portion and 22 years for the commercial portion. After the completion of the Development Project, the Plaza is expected to be a new landmark area near the central business district of the Yubei Zone.

The turnover of China Sky Group was approximately HK\$7,293,000 (2015: approximately HK\$160,499,000) mainly as a result of the sales of property units by China Sky Group and the net loss of China Sky Group shared by the Group was approximately HK\$5,761,000 for the period under review (2015: post-acquisition profits shared by the Group of approximately HK\$4,312,000). The decrease in turnover and net loss was mainly due to part of the contract sales related to the Development Project have not yet been recognised as revenue. The Group expects that China Sky Group will be able to obtain the occupation permit/completion certificate of some properties from the relevant government authorities within this financial year, hence, some of the contract sales will be booked as revenue in the second half of this year.

* For identification purposes only

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

At 30 June 2016, the Group had current assets of approximately HK\$2,164,365,000 (at 31 December 2015: approximately HK\$1,701,092,000) and liquid assets comprising bank balances and marketable Hong Kong listed securities totaling approximately HK\$1,958,834,000 (excluding bank balances held under segregated trust accounts) (at 31 December 2015: approximately HK\$1,571,344,000). The Group's current ratio, calculated on the basis of current assets of approximately HK\$2,164,365,000 (at 31 December 2015: approximately HK\$1,701,092,000) over current liabilities of approximately HK\$624,965,000 (at 31 December 2015: approximately HK\$138,715,000), decrease to 3.46 from 12.26 at 31 December 2015 but still remain at a strong level. Such a decrease in current ratio was mainly due to the increase in short-term loans payable balance of approximately HK\$530,000,000 (at 31 December 2015: Nil). As at 30 June 2016, the Group had total loan payable of approximately HK\$1,111,175,000 (at 31 December 2015: Nil) with the interest rate of between 8% to 12.75% per annum and no finance lease obligation (at 31 December 2015: Nil).

As at 30 June 2016, the Group had total liabilities of approximately HK\$1,206,140,000 (at 31 December 2015: HK\$138,715,000). The gearing ratio (calculated as total liabilities divided by total equity) was approximately 85.58% as at 30 June 2016 (at 31 December 2015: approximately 6.22%).

At the end of the review period, the equity attributable to the Company's shareholders amounted to approximately HK\$1,405,991,000 (at 31 December 2015: approximately HK\$2,225,255,000), and the consolidated net asset value was approximately HK\$1.81 per share of the Company (at 31 December 2015: approximately HK\$2.86 per share).

Rights Issue and Share Consolidation

(1) Reference is made to the announcements, circular and listing documents of the Company dated 18 August 2014, 24 September 2014, 24 October 2014, 28 November 2014, 23 December 2014, 24 December 2014, 5 February 2015, 9 February 2015, 24 February 2015, 13 March 2015 and 16 March 2015. Terms used hereinafter shall have the same meaning as defined in the above announcements, circular and listing documents.

On 5 February 2015, all ordinary resolutions to approve the Acquisition, the Share Consolidation and the Rights Issue were duly passed by way of poll at the extraordinary general meeting of the Company and the Share Consolidation became effective on 6 February 2015.

On 16 March 2015, the Company issued a total of 700,958,385 Rights Shares. Out of the total of approximately HK\$420,600,000 raised from the Rights Issue, HK\$370,000,000 was used to pay the consideration for the Acquisition and the remaining amount of approximately HK\$50,600,000 was used as the Group's general working capital.

(2) Reference is made to the announcements and circular of the Company dated 10 June 2016, 7 July 2016, 13 July 2016 and 28 July 2016. Terms used hereinafter shall have the same meaning as defined in the above announcements and circular.

On 28 July 2016, the ordinary resolution to approve the Rights Issues was not passed by the independent shareholders by way of poll at the extraordinary general meeting of the Company. As the Rights Issue was not approved by the Independent Shareholders at the extraordinary general meeting, the underwriting agreement has not become unconditional and the Rights Issue was lapsed.

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 2016, the Group has pledged the financial assets at fair value through profit or loss with an aggregate carrying amount of approximately HK\$1,602,890,000 (at 31 December 2015: approximately HK\$1,427,810,000) to securities brokers to secure certain margin financing granted to the Group and also pledged the equity interest of an associate with an aggregate carrying amount of approximately HK\$389,910,000 (at 31 December 2015: approximately HK\$395,671,000) to secure a loan from two financial institutions.

Capital Commitment

The Group had no capital commitments as at 30 June 2016 (at 31 December 2015: 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 under investigation by the enforcement agency. As the ultimate outcome of the matter cannot be reasonably predicted, the maximum penalty of HK\$10,000,000 has been regarded as a contingent liability of the Group.

MATERIAL ACQUISITION AND DISPOSAL

The Group had no material acquisition and disposal during the period under review.

BUSINESS PROSPECTS

The Group expects that the global economic outlook for the remaining part of 2016 and the coming year will remain to be volatile and subject to a lot of uncertainties. The recent event, “Brexit”, adds significant uncertainty to an already fragile global recovery.

Brexit has caused significant political change in the United Kingdom (“UK”), generated uncertainty about the nature of its future economic relations with the European Union (“EU”), and may slowdown the economic growth in UK and Euro zone in the coming future. In China, the near-term outlook has improved due to recent policy support, fiscal policy turned expansionary, infrastructure spending picked up and credit growth accelerated. However, the slowdown in the economic growth in the European Union may give a significant adverse effect on China.

Taking these views into consideration, the Group will take a prudent approach in identifying and considering its investment opportunities in the coming year. The Company’s strategy will continue to identify suitable and/or attractive investment opportunities for further expansion of its financial services business, such as money-lending, securities investment and enhancement of margin loans for its securities brokerage business.

EVENTS AFTER THE END OF THE REPORTING PERIOD

The significant events took place subsequent to the end of the reporting period are as below:

- (i) Reference is made to the announcements and circular of the Company dated 10 June 2016, 7 July 2016, 13 July 2016 and 28 July 2016. Terms used hereinafter shall have the same meaning as defined in the above announcements and circular.

On 28 July 2016, the ordinary resolution to approve the Rights Issues was not passed by the independent shareholders by way of poll at the extraordinary general meeting of the Company. As the Rights Issue was not approved by the Independent Shareholders at the extraordinary general meeting, the underwriting agreement has not become unconditional and the Rights Issue was lapsed.

- (ii) On 29 July 2016, a loan agreement was entered into between Global Wealth Finance Limited (“Global Wealth”), an indirect wholly-owned subsidiary of the Company, as lender, an individual third party as borrower and another individual third party as mortgagor, pursuant to which, Global Wealth has agreed to provide a secured loan facility in the principal amount of up to HK\$50,000,000 to the borrower. Details of which are set out in the announcement of the Company dated 29 July 2016.
- (iii) On 4 August 2016, the Company entered into a placing agreement with Enhanced Securities Limited in relation to the placing of a total of 155,768,530 new shares, to not less than six independent placees, at a price of HK\$0.25 per placing share. The placing was completed on 15 August 2016 and the net proceed from the placing was used for partial repayment of the total existing loans and accrued interest. Details of which are set out in the announcements of the Company dated 4 August 2016 and 15 August 2016.

- (iv) On 5 August 2016, an underwriting agreement was entered into between the Company and Win Wind Securities Limited as underwriter in relation to the rights issue on the basis of one rights share for every two shares, at a subscription price of HK\$0.25 per rights share. Details of which are set out in the announcements of the Company dated 8 August 2016, 9 August 2016, 18 August 2016 and 29 August 2016.

Save as disclosed above, there was no other 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 and Corporate Governance Report as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) throughout the six months ended 30 June 2016.

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 2016.

REVIEW OF INTERIM RESULTS

The audit committee of the Company (“the Audit Committee”) comprises three independent non-executive directors of the Company. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control and 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 Company.

The interim results for the six months ended 30 June 2016 has not been audited but has been reviewed by Pan-China (H.K.) CPA Limited, the auditor of the Company, in accordance with Hong Kong Standard on Review Engagement 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

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 2016.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

The interim results announcement is available for viewing on the website of Hong Kong Exchanges and Clearing of Limited (www.hkexnews.hk) and on the website of the Company (www.gtghl.com). The interim report of the Company for the six months ended 30 June 2016 will be despatched to 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, 29 August 2016

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