



高富集團控股有限公司 GT GROUP HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)
(Stock Code: 263)

2016 INTERIM REPORT



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Li Dong (*Chairman*)
Ng Shin Kwan, Christine
Lee Jalen
Chan Ah Fei
Lee Yuk Fat
Liang Shan

Independent Non-executive Directors

Wong Yun Kuen
Wong Shun Loy
Hu Chao

AUDIT COMMITTEE

Wong Shun Loy (*Chairman*)
Wong Yun Kuen
Hu Chao

NOMINATION COMMITTEE

Wong Yun Kuen (*Chairman*)
Wong Shun Loy
Hu Chao
Ng Shin Kwan, Christine

REMUNERATION COMMITTEE

Hu Chao (*Chairman*)
Wong Yun Kuen
Wong Shun Loy

COMPANY SECRETARY

Leung Ka Wai

TRADING OF SHARES

The Stock Exchange of Hong Kong Limited
(Stock code: 263)

REGISTERED OFFICE

Units 2502–5, 25th Floor
Harbour Centre
25 Harbour Road
Wanchai
Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Bank of Communications Co., Ltd., Hong Kong Branch
The Hongkong and Shanghai Banking Corporation Limited

PRINCIPAL LEGAL ADVISERS

Reed Smith Richards Butler
P.C. Woo & Co.
Tsang, Chan & Wong

AUDITORS

Pan-China (H.K.) CPA Limited
Certified Public Accountants

SHARE REGISTRARS AND TRANSFER OFFICE

Tricor Secretaries Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

WEBSITE

www.gtghl.com

Management Discussion and Outlook

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 15). 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 an 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).

Management Discussion and Outlook

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").

Management Discussion and Outlook

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.

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 loans 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: approximately 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).

* For identification purposes only

Management Discussion and Outlook

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.

Management Discussion and Outlook

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.

Report on Review of Interim Financial Information



PAN-CHINA (H.K.) CPA LIMITED Certified Public Accountants

天健(香港)會計師事務所有限公司

**TO THE BOARD OF DIRECTORS OF
GT GROUP HOLDINGS LIMITED**

(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 9 to 38, which comprises the condensed consolidated statement of financial position of GT Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as at 30 June 2016 and the related condensed consolidated statement of profit or loss, condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

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

Pan-China (H.K.) CPA Limited

Certified Public Accountants

Hong Kong, 29 August 2016

Lee Ping Kai

Practising Certificate Number P02976

11/F., Hong Kong Trade Centre
161-167 Des Voeux Road Central
Hong Kong

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
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	10	(5,055)	18,222
Impairment loss on available-for-sale financial assets	12	(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
Discontinued operation			
Loss for the period from discontinued operation	6	–	(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
(Loss)/earnings per share			
From continuing and discontinued operations			
— Basic and diluted (HK\$ per share)	8(a)	(1.06)	2.10
From continuing operations			
— Basic and diluted (HK\$ per share)	8(b)	(1.06)	2.15

The accompanying notes form an integral part of these financial statements.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2016

	Notes	Six months ended 30 June	
		2016	2015
		HK\$'000	HK\$'000
		(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	10	(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

The accompanying notes form an integral part of these financial statements.

Condensed Consolidated Statement of Financial Position

As at 30 June 2016

	Notes	As at 30 June 2016 HK\$'000 (unaudited)	As at 31 December 2015 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	9	12,544	14,211
Interests in associates	10	389,910	395,671
Amount due from an associate	11	37,004	35,702
Available-for-sale financial assets	12	9,468	218,224
Other assets	13	2,230	2,460
Trading right		–	–
		451,156	666,268
Current assets			
Trade and other receivables	14	43,909	23,303
Short-term loans receivable	15	120,000	5,000
Financial assets at fair value through profit or loss	16	1,907,916	1,496,563
Bank balances held under segregated trust accounts	17	41,622	101,445
Bank balances and cash		50,918	74,781
		2,164,365	1,701,092
Current liabilities			
Trade and other payables	18	84,299	128,049
Short-term loans payable	19	530,000	–
Tax liabilities		2,666	2,666
Provision	20	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	19	581,175	–
Net assets		1,409,381	2,228,645

Condensed Consolidated Statement of Financial Position *(Continued)*

As at 30 June 2016

	Notes	As at 30 June 2016 HK\$'000 (unaudited)	As at 31 December 2015 HK\$'000 (audited)
Capital and reserves			
Share capital	21	2,674,001	2,674,001
Reserves		(1,268,010)	(448,746)
Equity attributable to owners of the Company		1,405,991	2,225,255
Non-controlling interests		3,390	3,390
Total equity		1,409,381	2,228,645

The accompanying notes form an integral part of these financial statements.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2016

	Equity attributable to owners of the Company									
	Share capital HK\$'000 (unaudited)	Special reserve HK\$'000 (unaudited)	Other reserve HK\$'000 (unaudited)	Translation reserve HK\$'000 (unaudited)	Available-for-sale financial assets reserve HK\$'000 (unaudited)	Share option reserve HK\$'000 (unaudited)	Accumulated losses HK\$'000 (unaudited)	Sub-total HK\$'000 (unaudited)	Non-controlling interests HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
At 1 January 2016	2,674,001	3,587	-	(12,791)	(47,913)	52,865	(444,494)	2,225,255	3,390	2,228,645
Loss for the period	-	-	-	-	-	-	(824,811)	(824,811)	-	(824,811)
Fair value charge in available-for-sale financial assets	-	-	-	-	6,172	-	-	6,172	-	6,172
Share of other comprehensive expenses of associates	-	-	(706)	-	-	-	-	(706)	-	(706)
Exchange differences arising on translation of overseas operations	-	-	-	81	-	-	-	81	-	81
Total comprehensive (expenses)/income for the period	-	-	(706)	81	6,172	-	(824,811)	(819,264)	-	(819,264)
At 30 June 2016	2,674,001	3,587	(706)	(12,710)	(41,741)	52,865	(1,269,305)	1,405,991	3,390	1,409,381
At 1 January 2015	2,266,087	3,587	-	(9,984)	(34,673)	52,865	(890,673)	1,387,209	3,385	1,390,594
Profit for the period	-	-	-	-	-	-	1,073,709	1,073,709	-	1,073,709
Fair value charge in available-for-sale financial assets	-	-	-	-	(1,812)	-	-	(1,812)	-	(1,812)
Exchange differences arising on translation of overseas operations	-	-	-	(931)	-	-	-	(931)	-	(931)
Total comprehensive (expenses)/income for the period	-	-	-	(931)	(1,812)	-	1,073,709	1,070,966	-	1,070,966
Issue of shares	407,914	-	-	-	-	-	-	407,914	-	407,914
At 30 June 2015	2,674,001	3,587	-	(10,915)	(36,485)	52,865	183,036	2,866,089	3,385	2,869,474

The accompanying notes form an integral part of these financial statements.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2016

	Six months ended 30 June	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited) (restated)
Cash flows from operating activities		
(Loss)/profit before taxation	(824,811)	1,073,709
Adjustments for:		
Income tax credit from discontinued operation	–	(8,000)
Interest paid	51,983	122
Bank interest income	(10)	(9)
Depreciation of property, plant and equipment	2,393	2,442
Impairment loss recognised in respect of mining right from discontinued operation	–	32,000
Impairment loss on available-for-sale financial assets	215,000	–
Share of loss/(profit) of associates	5,055	(18,222)
Unrealised loss/(gain) on financial assets at fair value through profit or loss	500,334	(973,593)
Realised loss/(gain) on financial assets at fair value through profit or loss	12,779	(113,063)
Gain on disposal of property, plant and equipment from discontinued operation	–	(100)
Operating cash flows before movements in working capital	(37,277)	(4,714)
Increase in trade and other receivables	(20,606)	(47,829)
Increase in short-term loans receivable	(115,000)	(5,000)
Decrease/(increase) in other assets	230	(53)
Increase in amount due from an associate	(1,302)	–
Decrease/(increase) in bank balances held under segregated trust accounts	59,823	(199,687)
Decrease/(increase) in trade and other payables	(43,750)	199,118
Cash used in operations	(157,882)	(58,165)
Interest paid	(51,983)	(122)
Hong Kong and PRC tax refunded	–	236
Net cash used in operating activities	(209,865)	(58,051)

Condensed Consolidated Statement of Cash Flows *(Continued)*

For the six months ended 30 June 2016

	Six months ended 30 June	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited) (restated)
Cash flows from investing activities		
Acquisition of financial assets at fair value through profit or loss	(1,008,206)	(308,750)
Proceeds from disposal of financial assets at fair value through profit or loss	83,740	336,303
Acquisition of associates	–	(370,000)
Proceeds from disposal of property, plant and equipment	–	100
Acquisition of property, plant and equipment	(726)	(490)
Interest income	10	9
Net cash used in investing activities	(925,182)	(342,828)
Cash flows from financing activities		
Proceeds from issue of shares	–	407,914
Proceeds from loans	1,111,175	–
Net cash generated from financing activities	1,111,175	407,914
Net (decrease)/increase in cash and cash equivalents	(23,872)	7,035
Effect of foreign exchange rate changes	9	146
Cash and cash equivalents brought forward	74,781	30,357
Cash and cash equivalents carried forward, represented by bank balances and cash	50,918	37,538

The accompanying notes form an integral part of these financial statements.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

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.

Notes to the Condensed Consolidated Financial Statements *(Continued)*

For the six months ended 30 June 2016

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

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 HK\$'000 (unaudited)	2015 HK\$'000 (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
	(10,408)	139,073

* 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.

Notes to the Condensed Consolidated Financial Statements *(Continued)*

For the six months ended 30 June 2016

3. TURNOVER AND SEGMENT INFORMATION *(Continued)*

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.

Notes to the Condensed Consolidated Financial Statements *(Continued)*

For the six months ended 30 June 2016

3. TURNOVER AND SEGMENT INFORMATION *(Continued)*

Segment Turnover and Results *(Continued)*

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.*

Notes to the Condensed Consolidated Financial Statements *(Continued)*

For the six months ended 30 June 2016

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

	Six months ended 30 June	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (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
Total staff costs	12,739	10,731
Depreciation of property, plant and equipment	2,393	2,276
Foreign exchange loss, net	4	–
and after crediting:		
Interest income on:		
Bank deposits	10	8
Other loan and receivables	2,053	919
Total interest income	2,063	927
Foreign exchange gain, net	–	10
Sundry income	561	317
	2,624	1,254

Notes to the Condensed Consolidated Financial Statements *(Continued)*

For the six months ended 30 June 2016

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

6. DISCONTINUED OPERATION

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 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.

Analysis of loss for the period from discontinued operation

The comparative loss from discontinued operation has been re-presented to include the mining operation classified as discontinued operation for the six months ended 30 June 2015.

	Six months ended 30 June 2015 HK\$'000
Revenue	–
Administrative expenses	(33,441)
Loss before tax	(33,441)
Attributable income tax credit	8,000
Loss for the period from discontinued operation attributable to owners of the Company	(25,441)

Loss for the period from discontinued operation includes the following:

Depreciation and amortisation	166
Impairment loss on mining right	32,000
Staff costs including directors' remuneration	
— Salaries, allowances and other benefits	686
— Retirement benefits schemes contributions	–
Operating lease rentals in respect of land and buildings	199
Loss on disposal of property, plant and equipment	100

Notes to the Condensed Consolidated Financial Statements *(Continued)*

For the six months ended 30 June 2016

7. DIVIDENDS

No dividends were declared during the period (six months ended 30 June 2015: Nil).

8. (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

	Six months ended 30 June	
	2016	2015
	'000	'000
	(unaudited)	(unaudited)
Number of shares		
Weighted average number of shares for the purpose of basic (loss)/earnings per share	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.

Notes to the Condensed Consolidated Financial Statements *(Continued)*

For the six months ended 30 June 2016

8. (LOSS)/EARNINGS PER SHARE *(Continued)*

(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 HK\$'000 (unaudited)	2015 HK\$'000 (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	–	25,441
(Loss)/profit for the purpose of basic and diluted (loss)/earnings per share from continuing operations	(824,811)	1,099,150

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

(c) For 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: approximately 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 approximately 511,011,000 shares, which is the same as that detailed above in (a).

9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group incurred costs for additions on office equipment of approximately HK\$72,000 (six months ended 30 June 2015: approximately HK\$453,000) and motor vehicle of approximately HK\$654,000 (six months ended 30 June 2015: Nil). There is no additions on leasehold improvement (six months ended 30 June 2015: approximately HK\$37,000).

As at 30 June 2016, the Group has no property, plant and equipment (at 31 December 2015: Nil) which was held under a finance lease.

Notes to the Condensed Consolidated Financial Statements *(Continued)*

For the six months ended 30 June 2016

10. INTERESTS IN ASSOCIATES

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

	As at 30 June 2016 HK\$'000 (unaudited)	As at 31 December 2015 HK\$'000 (audited)
Cost of investments in associates:		
— unlisted	333,919	333,919
Amounts due from associates (Note 10(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 to the Condensed Consolidated Financial Statements *(Continued)*

For the six months ended 30 June 2016

10. INTERESTS IN ASSOCIATES *(Continued)*

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

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 and disclosed in Note 11) 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.

Notes to the Condensed Consolidated Financial Statements *(Continued)*

For the six months ended 30 June 2016

10. INTERESTS IN ASSOCIATES *(Continued)*

(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 13,910
Share of (loss)/profit and other comprehensive (expense)/income of China Sky Group	(5,761)	18,222
Dividends received from China Sky Group during the period	–	–

Notes to the Condensed Consolidated Financial Statements *(Continued)*

For the six months ended 30 June 2016

10. INTERESTS IN ASSOCIATES *(Continued)*

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

(i) China Sky Group *(Continued)*

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
	389,910	395,671
Carrying amount of the Group's interest in China Sky Group	389,910	395,671

(ii) Success Quest

	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)

Notes to the Condensed Consolidated Financial Statements *(Continued)*

For the six months ended 30 June 2016

10. INTERESTS IN ASSOCIATES *(Continued)*

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

(ii) Success Quest *(Continued)*

	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.

11. AMOUNT DUE FROM AN ASSOCIATE

The amount due from an associate represents the 50% shareholders loan to Success Quest acquired from Wealth Success in July 2015. The term of the amount due from Success Quest is unsecured, repayable in full in July 2020 and bearing a simple interest rate of 7.7% per annum.

Notes to the Condensed Consolidated Financial Statements *(Continued)*

For the six months ended 30 June 2016

12. 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.

13. OTHER ASSETS

Other assets are statutory deposits paid to the Stock Exchange and Securities and Futures Commission in relation to the Group's licensed activities in the Hong Kong securities market.

14. 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

Notes to the Condensed Consolidated Financial Statements *(Continued)*

For the six months ended 30 June 2016

14. TRADE AND OTHER RECEIVABLES *(Continued)*

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	4,427	6,492
	34,662	18,021

Notes to the Condensed Consolidated Financial Statements *(Continued)*

For the six months ended 30 June 2016

15. 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	120,000	5,000

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 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.

Notes to the Condensed Consolidated Financial Statements *(Continued)*

For the six months ended 30 June 2016

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss at the end of the reporting period represent equity securities listed on the Stock Exchange.

17. BANK BALANCES HELD UNDER SEGREGATED TRUST ACCOUNTS

As a subsidiary of the Company is principally engaged in the business of securities brokerage, it receives and holds money deposits from clients and other institutions in the course of the conduct of the regulated activities. These clients' monies are maintained in one or more segregated trust bank accounts. The Group has recognised the corresponding account payables to respective clients and other institutions. However, the Group does not have a currently enforceable right to offset these payables with the deposits placed.

18. TRADE AND OTHER PAYABLES

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

Details of trade payables are as follows:

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

Notes to the Condensed Consolidated Financial Statements *(Continued)*

For the six months ended 30 June 2016

18. TRADE AND OTHER PAYABLES *(Continued)*

An aging analysis of the trade payables 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	15,617	82,275
61 to 90 days	1,168	4,460
Over 90 days	23,050	20,928
	39,835	107,663

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 (Note 17).

19. LOANS PAYABLE

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

Notes to the Condensed Consolidated Financial Statements *(Continued)*

For the six months ended 30 June 2016

19. LOANS PAYABLE *(Continued)*

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.

20. 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).

Notes to the Condensed Consolidated Financial Statements *(Continued)*

For the six months ended 30 June 2016

21. SHARE CAPITAL

	2016		2015	
	Number of shares ('000)	HK\$'000 (unaudited)	Number of shares ('000)	HK\$'000 (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
At 30 June 2016 and 31 December 2015	778,843	2,674,001	778,843	2,674,001

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.

22. CAPITAL COMMITMENTS

The Group has no capital commitments as at 30 June 2016 (at 31 December 2015: Nil).

23. CONTINGENT LIABILITIES

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.

Notes to the Condensed Consolidated Financial Statements *(Continued)*

For the six months ended 30 June 2016

24. FAIR VALUE HIERARCHY

An analysis of the Group's financial assets and financial liabilities stated at fair value, based on the degree to which their fair values are observable and grouped into Levels 1 to 3:

Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2: inputs are inputs, other than quoted prices included Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: inputs are unobservable inputs for the asset or liability.

The following table presents the Group's financial instruments that are measured at fair value at the end of the reporting period by level of the fair value measurement hierarchy:

Financial assets	Fair values as at		Fair value hierarchy	Valuation techniques and key inputs
	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)		
Available-for-sale financial assets — Listed equity securities	9,468	3,224	Level 1	Quoted bid prices in active markets
Financial assets at fair value through profit or loss — Listed equity securities	1,907,916	1,496,563	Level 1	Quoted bid prices in active markets

Notes to the Condensed Consolidated Financial Statements *(Continued)*

For the six months ended 30 June 2016

25. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the condensed consolidated interim financial statements, during the period, the Group had entered into transactions with related parties which, in the opinion of the directors, were carried out in the ordinary course of the Group's business as shown below:

Key management personnel remuneration

Remunerations for key management personnel, including amounts paid to the Company's directors are as follows:

	Six months ended 30 June	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Short-term employee benefits	2,543	2,250
Retirement benefits schemes contributions	9	9
	2,552	2,259

26. 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 Issue 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.

Notes to the Condensed Consolidated Financial Statements *(Continued)*

For the six months ended 30 June 2016

26. EVENTS AFTER THE END OF THE REPORTING PERIOD *(Continued)*

- (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.

Other Information

For the six months ended 30 June 2016

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).

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

As at 30 June 2016, the interests of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

Name of director	Capacity	Number of shares	Number of underlying shares	Total interests	Approximate percentage of the issued share capital of the Company
Ng Shin Kwan, Christine	Beneficial owner	–	67,191 (note 1)	67,191	0.01%
Wong Yun Kuen	Beneficial owner	1,800	208 (note 2)	2,008	0.00%

Notes:

1. This represents the interest of Ms. Ng Shin Kwan, Christine in 67,191 underlying shares issuable under the share options granted by the Company to her on 3 December 2007 under the Share Option Scheme. The consideration paid by Ms. Ng Shin Kwan, Christine on acceptance of the share options granted was HK\$1.00. The exercise price is HK\$304.63 per share and the exercisable period is between 3 December 2007 and 2 December 2017.
2. This represents the interest of Dr. Wong Yun Kuen in 208 underlying shares issuable under the share options granted by the Company to him on 3 December 2007 under the Share Option Scheme. The consideration paid by Dr. Wong Yun Kuen on acceptance of the share options granted was HK\$1.00. The exercise price is HK\$304.63 per share and the exercisable period is between 3 December 2007 and 2 December 2017.

Save as disclosed above, as at 30 June 2016, none of the directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which required to be recorded in the register kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Other Information *(Continued)*

For the six months ended 30 June 2016

SHARE OPTION SCHEME

The existing share option scheme was approved and adopted by the shareholders of the Company at the annual general meeting held on 14 June 2016 ("Share Option Scheme"). The primary purpose of the Share Option Scheme is to provide participants with the opportunity to acquire proprietary interests in the Company and to encourage participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. Further details of the Share Option Scheme are as disclosed in the circular of the Company dated 12 May 2016.

Movement of share options under the Share Option Scheme during the six months ended 30 June 2016 was as follows:

Name or category of participant	Date of grant (DD.MM.YYYY)	Exercisable period (DD.MM.YYYY)	At 1 January 2016 and 30 June 2016	
			Exercise price per share HK\$	Number of share options
Directors				
Ng Shin Kwan, Christine	03.12.2007	03.12.2007–02.12.2017	304.63	67,191
Wong Yun Kuen	03.12.2007	03.12.2007–02.12.2017	304.63	208
Subtotal:				67,399
Employees other than directors in aggregate	03.12.2007	03.12.2007–02.12.2017	304.63	43,271
Other participants in aggregate	03.12.2007	03.12.2007–02.12.2017	304.63	312,043
Total:				422,713

Notes:

- There was no vesting period for the share options granted by the Company.
- No share options were granted, exercised, lapsed and cancelled during the six months ended 30 June 2016.

The total number of securities, available for issue under the Share Option Scheme as at 30 June 2016 was 77,884,265 shares (including options for 422,713 shares that have been granted but not yet lapsed or exercised) which represented 10% of the ordinary shares of the Company in issue at 30 June 2016.

Other Information *(Continued)*

For the six months ended 30 June 2016

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the sections headed "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures" and "Share Option Scheme" above, at no time during the six months ended 30 June 2016 was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate, and none of the directors or their spouse or children under the age of eighteen, had any rights to subscribe for the securities of the Company, or had exercised any such rights during the period.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 30 June 2016, according to the register of interest kept by the Company under section 336 of the SFO and so far as is known to, or can be ascertained after reasonable enquiry by the Directors, there is no shareholder who has an interest in 5% or more of the total number of shares in issue of the Company.

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.

REVIEW OF INTERIM REPORT

The Company's unaudited interim financial report for the six months ended 30 June 2016 have been reviewed by the Audit Committee and external auditors of the Company.

CHANGES IN DIRECTOR'S INFORMATION

Changes in directors' information since 24 March 2016, the date of the 2015 Annual Report of the Company which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are set out below:

1. Dr. Wong Yun Kuen, an independent non-executive director of the Company, has been appointed as an executive director of Ngai Shun Holdings Limited (stock code: 1246).
2. Mr. Wong Shun Loy, an independent non-executive director of the Company, has been appointed as an executive director of Chengdu Huasun Group Inc., Ltd. which is listed on Shenzhen Stock Exchange.
3. Mr. Hu Chao, an independent non-executive director of the Company, has been appointed as executive director of Code Agriculture (Holdings) Limited (stock code: 8153).

Other Information *(Continued)*

For the six months ended 30 June 2016

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 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.

AUDIT COMMITTEE

The Audit Committee of the Company comprised of three independent non-executive directors namely, Dr. Wong Yun Kuen, Mr. Wong Shun Loy and Mr. Hu Chao.

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 report.

By Order of the Board
GT GROUP HOLDINGS LIMITED
Li Dong
Chairman

Hong Kong, 29 August 2016