



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 Report 2017

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Li Dong (*Chairman*)
Ng Shin Kwan, Christine
Chan Ah Fei
Liang Shan
Suen Yick Lun, Philip
Feng Taiguo

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
Industrial Bank Company Limited, Hong Kong Branch

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\$581,939,000 for the six months ended 30 June 2017 (2016: approximately HK\$824,811,000) and loss per share was approximately HK\$0.42 (2016: approximately HK\$0.94) due mainly to the recognition of realised and unrealised loss on investment of marketable securities from the Group’s securities investment operation.

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\$324,468,000 (2016: approximately HK\$10,408,000) with gross loss of approximately HK\$325,213,000 (2016: approximately HK\$11,372,000). The increase in negative turnover and gross loss were primarily attributable to the increase in net realised loss on investment in securities of approximately HK\$331,791,000 (2016: approximately HK\$15,932,000) from the Group’s securities investment operation.

Financing Operation

The interest income and operating profit generated by the financing operation were approximately HK\$5,346,000 (2016: approximately HK\$3,562,000) and approximately HK\$5,055,000 (2016: approximately HK\$3,095,000) 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 13). 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

Taking into account the brokerage commission income and the net realised gain or loss on the securities investment of the Group’s securities brokerage division, a negative turnover of approximately HK\$329,540,000 was recorded for the period under review (2016: approximately HK\$13,866,000). Such an increase in negative turnover was caused by the increase in a net realised loss on investment in securities of approximately HK\$331,791,000 (2016: approximately HK\$15,932,000) during the period under review.

The overall performance of this operation for the period under review recorded a loss of approximately HK\$559,777,000 (2016: approximately HK\$522,698,000), mainly as a result of the recognition of an unrealised loss on investment in securities amounting to approximately HK\$223,992,000 (2016: approximately HK\$500,334,000). 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 2017, the market value of the Group’s listed securities portfolio amounted to approximately HK\$721,525,000 (at 31 December 2016: approximately HK\$1,363,918,000).

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 2017 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\$721,525,000 as at 30 June 2017 is summarised below:

Name of securities	% of shareholding in the listed securities held by the Group as at 30 June 2017	Unrealised gain/(loss) on financial assets at fair value through profit or loss as at 30 June 2017 HK\$'000	Fair value of the investment in listed securities as at 30 June 2017 HK\$'000
China Innovative Finance Group Limited (stock code: 412)	3.37%	(148,943)	213,701
Freeman FinTech Corporation Limited (stock code: 279)	1.14%	3,590	93,350
OCI International Holdings Limited (stock code: 329)	4.72%	(1,000)	83,500
Imperial Pacific International Holdings Limited (stock code: 1076)	0.30%	6,960	53,070
China Smarter Energy Group Holdings Limited (stock code: 1004)	0.55%	(5,888)	41,553
Others		(78,711)	236,351
Total		(223,992)	721,525

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

Trading Operation

The Group's trading operation remained inactive and did not generate any turnover for the period under review (2016: 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.

Management Discussion and Outlook

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 People's Republic of China (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.

China Sky Group had engaged into a new property development project located in Chongqing in 2016. The development project comprises 5 parcels of land with a total site areas of approximately 72,559 square meters. The project will be developed into several commercial and residential buildings with a total planned gross floor area of approximately 463,357 square meters. According to the China Sky Group, the new property development project is intended to be completed in year 2022.

The turnover of China Sky Group was approximately HK\$191,399,000 (2016: approximately HK\$7,293,000) mainly as a result of the sales of property units by China Sky Group and the total comprehensive income of China Sky Group shared by the Group was approximately HK\$40,014,000 for the period under review (2016: total comprehensive expense shared by the Group of approximately HK\$5,761,000). It is expected that the China Sky Group will continue to make a positive contribution to the Group's results in the future.

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

At 30 June 2017, the Group had current assets of approximately HK\$941,973,000 (at 31 December 2016: approximately HK\$1,653,011,000) and liquid assets comprising bank balances and marketable Hong Kong listed securities totaling approximately HK\$777,180,000 (excluding bank balances held under segregated trust accounts) (at 31 December 2016: approximately HK\$1,482,819,000). The Group's current ratio, calculated on the basis of current assets of approximately HK\$941,973,000 (at 31 December 2016: approximately HK\$1,653,011,000) over current liabilities of approximately HK\$100,253,000 (at 31 December 2016: approximately HK\$170,101,000), slightly decrease to 9.40 from 9.72 as at 31 December 2016 but still remain at a strong level. As at 30 June 2017, the Group had total loans payable of approximately HK\$581,175,000 (at 31 December 2016: HK\$622,175,000) with the interest rate of between 8% to 12.75% per annum and no finance lease obligation (at 31 December 2016: Nil).

* For identification purposes only

Management Discussion and Outlook

As at 30 June 2017, the Group had total liabilities of approximately HK\$681,428,000 (at 31 December 2016: approximately HK\$751,276,000). The gearing ratio (calculated as total liabilities divided by total equity) was approximately 80.32% as at 30 June 2017 (at 31 December 2016: approximately 52.85%).

At the end of the review period, the equity attributable to the Company's shareholders amounted to approximately HK\$848,443,000 (at 31 December 2016: approximately HK\$1,421,650,000), and the consolidated net asset value was approximately HK\$0.61 per share of the Company (at 31 December 2016: approximately HK\$1.01 per share).

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 2017, the Group has pledged the financial assets at fair value through profit or loss with aggregate carrying amount of approximately HK\$549,565,000 (at 31 December 2016: approximately HK\$1,132,959,000) to securities brokers to secure certain margin financing granted to the Group and pledged the equity interest of an associate with an aggregate carrying amount of approximately HK\$536,488,000 (at 31 December 2016: approximately HK\$496,474,000) to secure a loan from two financial institutions.

Capital Commitment

The Group had no capital commitment as at 30 June 2017 (at 31 December 2016: Nil).

Contingent Liability

- (1) 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 investigation by the enforcement agency. As the ultimate outcome of the matter cannot be reasonably predicted, it is reasonable for the Group to assume that the contingent liability of this case will maximum penalty of HK\$10,000,000.

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

In the opinion of the directors of the Company, it is not probable that the individuals will issue claims against the Group. They had reversed the HK\$8,000,000 provision and disclosed it as contingent liabilities as 31 December 2016 and thereafter.

Management Discussion and Outlook

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

- (2) Reference is made to the announcement of the Company dated 23 March 2017. Terms used hereinafter shall have the same meaning as defined in the above announcement.

On 21 March 2017, the Investee Company entered into a facility agreement with the Lending Bank in respect of a term loan facility of up to US\$64,000,000 to finance the acquisition of the Convertible Bond in the principal amount of US\$60,000,000. Each of the Personal Guarantor and the Corporate Guarantor has entered into the Personal Guarantee and the Corporate Guarantee respectively to guarantee all the obligations and liabilities of the Investee Company under the facility agreement and related finance documents.

On 23 March 2017, the Company provided an indemnity to the Personal Guarantor and the Corporate Guarantor, indemnifying them against any and all claims made by the Lending Bank under the Personal Guarantee and the Corporate Guarantee up to an aggregate amount which the Personal Guarantor and/or the Corporate Guarantor incur or suffer as a result of such claim multiplied by the percentage beneficial shareholding of the Group in the Investee Company.

As at 30 June 2017, the Investee Company was held as to approximately 9.09% by the Group, and the maximum amount of the indemnities (if any) is US\$5,817,600 (equivalent to approximately HK\$45,188,000).

Further details are set out in the Company's announcement dated 23 March 2017.

MATERIAL ACQUISITION AND DISPOSAL

- (1) Reference are made to the announcements of the Company dated 27 January 2017 and 23 March 2017. Terms used hereinafter shall have the same meaning as defined in the above announcements.

On 27 January 2017, an indirect wholly-owned subsidiary of the Company has entered into the Subscription Agreement and the Shareholders' Agreement to subscribe one additional share in the Investee Company, upon issue of the additional share, the Investee Company was owned as to approximately 9.09% by the Group. The Subscription Price is primarily to finance the Investee Company's acquisition of the Convertible Bond issued by XinRen Aluminum Holdings Limited ("XinRen") in the principle amount of US\$30,000,000.

On 23 March 2017, the Company entered into the Indemnity in favour of the Personal Guarantor and the Corporate Guarantor. Each of the Personal Guarantor and the Corporate Guarantor has entered into the Personal Guarantee and the Corporate Guarantee respectively to guarantee all the obligations and liabilities of the Investee Company under the facility agreement to facilitate to finance the acquisition of the convertible bond issued by XinRen in the principle amount of US\$60,000,000. The Indemnity is the Group's provision of pro rata financial support to the Investee Company as agreed under the Shareholders' Agreement.

Management Discussion and Outlook

- (2) Reference are made to the announcements of the Company dated 19 April 2017 and 7 August 2017. Terms used hereinafter shall have the same meaning as defined in the above announcements.

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

Details of the Acquisition are set out in the announcements of the Company dated 7 August 2017. The circular is expected to be despatched to the Shareholders on or before 15 September 2017.

BUSINESS PROSPECTS

The Group expects that the global economic outlook for the remaining part of 2017 and the coming year will remain to be volatile and subject to a lot of uncertainties. With reference to the World Economic Outlook Update published by International Monetary Fund, the global economy will be subject to the following risks in the medium term: 1. policy uncertainty remain at a high level, such as unpredictable U.S. regulatory and fiscal policies and negotiations of post-Brexit arrangement; 2. financial tensions, such as a faster than expected monetary policy normalisation in U.S. could tighten global financial condition; and 3. other non-economic factor such as rising geopolitical tensions.

Taking these views into consideration, the Group will adopt a prudent approach in identifying and considering its investment opportunities in second half of 2017 and the coming year. The Company's strategy will continue to identify suitable and/or attractive investment opportunities for further expansion of its existing businesses, such as money-lending, securities investment and enhancement of margin loans for its securities brokerage business and property development.

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 10 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 2017 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, 28 August 2017

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 2017

	Notes	Six months ended 30 June	
		2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Turnover	3	(324,468)	(10,408)
Cost of sales		(745)	(964)
Gross loss		(325,213)	(11,372)
Unrealised loss on financial assets at fair value through profit or loss		(223,992)	(500,334)
Other income	4	6,257	2,624
Share of profit/(loss) of associates	9	35,557	(5,055)
Impairment loss on available-for-sale financial assets	10	–	(215,000)
Administrative expenses		(38,217)	(43,781)
Finance costs		(36,331)	(51,893)
Loss before taxation		(581,939)	(824,811)
Income tax expense	5	–	–
Loss for the period	4	(581,939)	(824,811)
Attributable to:			
Owners of the Company		(581,939)	(824,811)
Non-controlling interests		–	–
		(581,939)	(824,811)

		Six months ended 30 June	
		2017 (unaudited)	2016 (unaudited) (restated)
Loss per share			
— Basic and diluted (HK\$ per share)	7	(0.42)	(0.94)

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 2017

	Notes	Six months ended 30 June	
		2017	2016
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Loss for the period		(581,939)	(824,811)
Other comprehensive income			
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Exchange differences arising on translation of overseas operations		693	81
Share of other comprehensive income/(expense) of associates	9	4,457	(706)
Fair value change in available-for-sale financial assets		3,582	6,172
Other comprehensive income for the period (net of tax)		8,732	5,547
Total comprehensive expense for the period		(573,207)	(819,264)
Attributable to:			
Owners of the Company		(573,207)	(819,264)
Non-controlling interests		–	–
		(573,207)	(819,264)

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

Condensed Consolidated Statement of Financial Position

As at 30 June 2017

	Notes	As at 30 June 2017 HK\$'000 (unaudited)	As at 31 December 2016 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	8	5,526	5,164
Interests in associates	9	542,580	502,566
Prepayment		800	800
Available-for-sale financial assets	10	36,762	9,155
Other assets	11	2,230	2,230
Trading right		–	–
		587,898	519,915
Current assets			
Trade and other receivables	12	52,169	72,284
Short-term loans receivable	13	74,575	60,000
Financial assets at fair value through profit or loss	14	721,525	1,363,918
Bank balances held under segregated trust accounts	15	38,049	37,908
Bank balances and cash		55,655	118,901
		941,973	1,653,011
Current liabilities			
Trade and other payables	16	97,920	126,768
Short-term loans payable	17	–	41,000
Tax liabilities		2,333	2,333
		100,253	170,101
Net current assets		841,720	1,482,910
Total assets less current liabilities		1,429,618	2,002,825
Non-current liability			
Long-term loans payable	17	581,175	581,175
Net assets		848,443	1,421,650

Condensed Consolidated Statement of Financial Position *(Continued)*

As at 30 June 2017

	Notes	As at 30 June 2017 HK\$'000 (unaudited)	As at 31 December 2016 HK\$'000 (audited)
Capital and reserves			
Share capital	18	2,824,801	2,824,801
Reserves		(1,976,358)	(1,403,151)
Equity attributable to owners of the Company		848,443	1,421,650
Non-controlling interests		–	–
Total equity		848,443	1,421,650

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 2017

	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 2017	2,824,801	3,587	(9,176)	(12,827)	-	52,865	(1,437,600)	1,421,650	-	1,421,650
Loss for the period	-	-	-	-	-	-	(581,939)	(581,939)	-	(581,939)
Fair value charge in available-for-sale financial assets	-	-	-	-	3,582	-	-	3,582	-	3,582
Share of other comprehensive income of associates	-	-	4,457	-	-	-	-	4,457	-	4,457
Exchange differences arising on translation of overseas operations	-	-	-	693	-	-	-	693	-	693
Total comprehensive (expenses)/ income for the period	-	-	4,457	693	3,582	-	(581,939)	(573,207)	-	(573,207)
At 30 June 2017	2,824,801	3,587	(4,719)	(12,134)	3,582	52,865	(2,019,539)	848,443	-	848,443
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

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

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2017

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Cash flows from operating activities		
Loss before taxation	(581,939)	(824,811)
Adjustments for:		
Interest paid	36,331	51,983
Bank interest income	(7)	(10)
Depreciation of property, plant and equipment	1,114	2,393
Impairment loss on available-for-sale financial assets	–	215,000
Share of (profit)/loss of associates	(35,557)	5,055
Gain on disposal of property, plant and equipment	(20)	–
Unrealised loss on financial assets at fair value through profit or loss	223,992	500,334
Realised loss on financial assets at fair value through profit or loss	330,025	12,779
Operating cash flows before movements in working capital	(26,061)	(37,277)
Decrease/(increase) in trade and other receivables	20,115	(20,606)
Increase in short-term loans receivable	(14,575)	(115,000)
Decrease in other assets	–	230
Increase in amount due from an associate	–	(1,302)
(Increase)/decrease in bank balances held under segregated trust accounts	(141)	59,823
Decrease in trade and other payables	(28,848)	(43,750)
Cash used in operations	(49,510)	(157,882)
Interest paid	(36,331)	(51,983)
Net cash used in operating activities	(85,841)	(209,865)

Condensed Consolidated Statement of Cash Flows *(Continued)*

For the six months ended 30 June 2017

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Cash flows from investing activities		
Acquisition of financial assets at fair value through profit or loss	(229,497)	(1,008,206)
Proceeds from disposal of financial assets at fair value through profit or loss	317,873	83,740
Acquisition of available-for-sale financial assets	(23,302)	–
Proceeds from disposal of property, plant and equipment	20	–
Acquisition of property, plant and equipment	(1,476)	(726)
Interest income	7	10
Net cash generated from/(used in) investing activities	63,625	(925,182)
Cash flows from financing activities		
Proceeds from loans	–	1,111,175
Repayment of short-term loans payable	(41,000)	–
Net cash (used in)/generated from financing activities	(41,000)	1,111,175
Net decrease in cash and cash equivalents	(63,216)	(23,872)
Effect of foreign exchange rate changes	(30)	9
Cash and cash equivalents brought forward	118,901	74,781
Cash and cash equivalents carried forward, represented by bank balances and cash	55,655	50,918

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 2017

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 2016 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 2016 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 auditors 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 2016.

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 2017:

Amendments to HKAS 7	Statement of cash flow: Disclosure initiative
Amendments to HKAS 12	Recognition of deferred tax assets for unrealised losses

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 2017

3. TURNOVER AND SEGMENT INFORMATION

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

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Net results from securities trading*	(331,791)	(15,932)
Commission and brokerage income	1,977	1,962
Interest income from provision of finance	5,346	3,562
	(324,468)	(10,408)

* Represented the proceeds from the sale of investments at fair value through profit or loss of approximately HK\$317,873,000 (2016: approximately HK\$83,740,000) less cost of sales and carrying value of the investments sold of approximately HK\$649,664,000 (2016: approximately HK\$99,672,000).

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

For the purposes of assessing segment performance and resources between segments, the 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.

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

For the six months ended 30 June 2017

3. TURNOVER AND SEGMENT INFORMATION *(Continued)*

Segment Turnover and Results

Six months ended 30 June 2017

	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	–	5,346	(329,814)	–	(324,468)
Inter-segment sales*	–	–	274	(274)	–
Total	–	5,346	(329,540)	(274)	(324,468)
RESULTS					
Segment results	–	5,055	(559,777)	–	(554,722)
Unallocated income					3,870
Unallocated corporate expenses					(30,313)
Finance costs					(36,331)
Share of profit of associates					35,557
Loss before taxation					(581,939)
Income tax expense					–
Loss for the period					(581,939)

* 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 2017

3. TURNOVER AND SEGMENT INFORMATION *(Continued)*

Segment Turnover and Results *(Continued)*

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 2017

4. LOSS FOR THE PERIOD

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss for the period has been arrived at after charging:		
Staff costs including directors' emoluments	12,014	12,365
Retirement benefits schemes contributions	352	374
Total staff costs	12,366	12,739
Depreciation of property, plant and equipment	1,114	2,393
Foreign exchange loss, net	1	4
and after crediting:		
Interest income on:		
Bank deposits	7	10
Other loan and receivables	2,096	2,053
Total interest income	2,103	2,063
Dividend income	2,641	–
Gain on disposal of property, plant and equipment	20	–
Sundry income	1,493	561
	6,257	2,624

5. INCOME TAX EXPENSE

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. DIVIDENDS

No dividends were declared during the period (six months ended 30 June 2016: Nil).

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

For the six months ended 30 June 2017

7. LOSS PER SHARE

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

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss for the period		
Loss for the period attributable to owners of the Company for the purpose of basic loss per share	581,939	824,811

	Six months ended 30 June	
	2017	2016
	'000	'000
	(unaudited)	(unaudited) (restated)
Number of shares		
Weighted average number of shares for the purpose of basic loss per share	1,401,917	881,961

Basic and diluted loss per share for the six months ended 30 June 2017 and 2016 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 bonus element effect of the rights issue on the basis of one rights share for every two shares with effect from 5 October 2016 has been included in the calculation of the weighted average number of ordinary shares for the purpose of basic and diluted loss per share for the six months ended 30 June 2016.

8. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group incurred costs for additions on office equipment of approximately HK\$1,476,000 (six months ended 30 June 2016: approximately HK\$72,000). There is no additions on motor vehicle (six months ended 30 June 2016: HK\$654,000) and leasehold improvement (six months ended 30 June 2016: Nil).

As at 30 June 2017, the Group has no property, plant and equipment (at 31 December 2016: Nil) which was held under a finance lease.

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

For the six months ended 30 June 2017

9. INTERESTS IN ASSOCIATES

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

	As at 30 June 2017 HK\$'000 (unaudited)	As at 31 December 2016 HK\$'000 (audited)
Cost of investments in associates:		
— unlisted	333,919	333,919
Amounts due from associates (Note 7(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	158,670	118,656
— Bargain purchase	13,910	13,910
	172,580	132,566
	542,580	502,566

(b) Details of each of the Group's associates at 30 June 2017:

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 2017

9. INTERESTS IN ASSOCIATES *(Continued)*

(b) Details of each of the Group's associates at 30 June 2017: *(Continued)*

Notes:

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

The Group acquired 40% of total issued capital of China Sky at the consideration of HK\$370,000,000 in 2015. 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

The Group acquired 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 for a total consideration of approximately HK\$33,773,000.

As at 30 June 2017 and 31 December 2016, 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 a passive investment in an Australian property fund by the Group.

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.

During the year ended 31 December 2016, the Australia properties were disposed of for a consideration of approximately HK\$893,000,000 (equivalent to AUD160,000,000). Part of the proceeds from the disposal of the Australia properties was in turn distributed to the Group in October 2016, of which approximately HK\$37,695,000 represents the full repayment of the outstanding balance of loan to Success Quest and the remaining approximately HK\$7,859,000 as a special dividend from Success Quest to the Group.

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

For the six months ended 30 June 2017

9. 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 2017 HK\$'000 (unaudited)	As at 31 December 2016 HK\$'000 (audited)
Current assets	2,255,311	2,133,962
Non-current assets	6,998	7,949
Current liabilities	(1,837,727)	(1,257,157)
Non-current liabilities	(12,874)	(573,080)
Net assets	411,708	311,674

	Six months ended 30 June 2017 HK\$'000 (unaudited)	Six months ended 30 June 2016 HK\$'000 (unaudited)
Revenue	191,399	7,293
Profit/(loss) for the period	88,893	(12,638)
Other comprehensive income/(expense) for the period	11,141	(1,766)
Total comprehensive income/(expense) for the period	100,034	(14,404)
Proportion of the Group's ownership interests in China Sky Group	40%	40%
Share of total comprehensive income/(expense) of China Sky Group	40,014	(5,761)
Dividends received from China Sky Group during the period	–	–

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

For the six months ended 30 June 2017

9. 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 2017 HK\$'000 (unaudited)	As at 31 December 2016 HK\$'000 (audited)
Net assets of China Sky Group	411,708	311,674
Proportion of the Group's ownership interest in China Sky Group	40%	40%
Effect of fair value adjustments at acquisition	164,683	124,669
Amounts due from China Sky Group	335,724	335,724
	36,081	36,081
Carrying amount of the Group's interest in China Sky Group	536,488	496,474

Note:

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.

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

For the six months ended 30 June 2017

9. INTERESTS IN ASSOCIATES *(Continued)*

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

(ii) Success Quest

	As at 30 June 2017 HK\$'000 (unaudited)	As at 31 December 2016 HK\$'000 (audited)
Current assets	–	–
Non-current assets	12,191	12,191
Current liabilities	–	–
Non-current liabilities	–	–
Net assets	12,191	12,191

	Six months ended 30 June 2017 HK\$'000 (unaudited)	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%	50%
Share of loss of Success Quest (Note)	–	–
Dividends received from Success Quest during the period	–	–

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

For the six months ended 30 June 2017

9. INTERESTS IN ASSOCIATES *(Continued)*

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

(ii) Success Quest *(Continued)*

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.

As Success Quest reports profit for the year ended 31 December 2016, the Group resumes recognising its share of profit of Success Quest after its share of the profit equals the cumulative share of losses of Success Quest for the period from 7 July 2015 (date of acquisition) to 31 December 2015 not recognised amounting to approximately HK\$1,939,000.

Reconciliation of the above summarised financial information to the carrying amount of the interest in Success Quest recognised in the condensed consolidated financial statements:

	As at 30 June 2017 HK\$'000 (unaudited)	As at 31 December 2016 HK\$'000 (audited)
Net assets of Success Quest	12,191	12,191
Proportion of the Group's ownership interest in Success Quest	50%	50%
	6,095	6,095
Less: Pre-acquisition loss	(3)	(3)
Carrying amount of the Group's interest in Success Quest	6,092	6,092

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

For the six months ended 30 June 2017

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	As at 30 June 2017 HK\$'000 (unaudited)	As at 31 December 2016 HK\$'000 (audited)
Equity securities		
— Listed securities	13,460	9,155
— Unlisted securities	23,302	–
	36,762	9,155

Available-for-sale financial assets represent the Group's investment in listed and unlisted securities.

Listed 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.

Unlisted securities

The unlisted securities of the Group at the end of the reporting period represented the Group's investments in unlisted securities in two private entities named Joint Global Limited ("Joint Global") and Singularity Advisory (Cayman) Limited ("Singularity") respectively. They were measured at cost less impairment at the end of the reporting period.

In respect of the investment in Joint Global, full impairment was made as at 30 June 2017 and 31 December 2016 after taking into account the unaudited net asset value of Joint Global as at 30 April 2017 and 31 December 2016, and other relevant factors.

The impairment was caused by the diminution in value of Joint Global owing to the mismanagement by its director. The Group is seeking legal advice with a view to taking appropriate legal action against the rogue management for the recovery of the loss suffered by the Group. The Group will keep the shareholders informed of any significant development.

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

For the six months ended 30 June 2017

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS *(Continued)*

Unlisted securities *(Continued)*

In respect of the investment in Singularity, the Group entered into a subscription agreement on 27 January 2017 whereby the Group and another investor subscribed for one and eleven additional share(s) in Singularity respectively for the subscription price of US\$3,000,000 (equivalent to approximately HK\$23,302,000) and US\$30,000,000 (equivalent to approximately HK\$233,020,000) respectively. As at 31 December 2016, Singularity was owned as to one share and nine shares by the Group and the other investor respectively. Upon issue of the additional shares, Singularity was owned as to approximately 9.09% and 90.91% by the Group and the other investor respectively. The subscription price was primarily to finance Singularity's acquisition of convertible bonds due 2020 in the principal amount of US\$30,000,000 (equivalent to approximately HK\$233,020,000) issued by XinRen Aluminum Holdings Limited. Details of the transaction are set out in the announcement of the Company dated 27 January 2017.

Taking into account the unaudited net asset value of Singularity as at 30 June 2017, and other relevant factors, no impairment was made for the investment in Singularity as at 30 June 2017.

11. 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.

12. TRADE AND OTHER RECEIVABLES

	As at 30 June 2017 HK\$'000 (unaudited)	As at 31 December 2016 HK\$'000 (audited)
Trade receivables	48,971	33,715
Less: Impairment	(1,492)	(1,492)
	47,479	32,223
Other receivables and prepayments	5,046	40,417
Less: Impairment	(356)	(356)
	4,690	40,061
	52,169	72,284

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

For the six months ended 30 June 2017

12. TRADE AND OTHER RECEIVABLES *(Continued)*

Details of trade receivables are as follows:

	As at 30 June 2017 HK\$'000 (unaudited)	As at 31 December 2016 HK\$'000 (audited)
Trade receivables arising from securities brokerage business:		
Margin account clients	46,047	32,543
Cash account clients	2,627	875
Others	297	297
	48,971	33,715

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 2017 HK\$'000 (unaudited)	As at 31 December 2016 HK\$'000 (audited)
0 to 60 days	23,692	29,854
61 to 90 days	21,333	79
Over 90 days	3,946	3,782
	48,971	33,715

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

For the six months ended 30 June 2017

13. SHORT-TERM LOANS RECEIVABLE

	As at 30 June 2017 HK\$'000 (unaudited)	As at 31 December 2016 HK\$'000 (audited)
Secured short-term loans receivable	74,575	60,000

As at 30 June 2017, the Group had the following loans receivable arising from the Group's financing operation:

- (a) Loan to an individual who is an independent third party, with principal amount of HK\$85,000,000 pursuant to a loan agreement dated 3 March 2017, which is interest-bearing at 13% per annum, secured by a charge over securities accounts in the name of the borrower. The loan was repayable on 2 March 2018.
- (b) Loan to an individual who is an independent third party, with principal amount of HK\$50,000,000 pursuant to a loan agreement dated 29 July 2016, which is interest-bearing at 14% per annum, secured by a mortgage given by a mortgagor over two residential properties in Shenzhen, the PRC and repayable on 27 January 2017.

On 27 January 2017, the Group and the borrower entered into a supplemental deed to extend the maturity date to 26 January 2018. Details of the extension of the loan agreement are set out in the announcement of the Company dated 27 January 2017.

14. 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.

15. 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.

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

For the six months ended 30 June 2017

16. TRADE AND OTHER PAYABLES

	As at 30 June 2017 HK\$'000 (unaudited)	As at 31 December 2016 HK\$'000 (audited)
Trade payables	39,191	88,868
Other payables and accruals	8,756	23,265
Securities accounts	49,973	14,635
	97,920	126,768

Details of trade payables are as follows:

	As at 30 June 2017 HK\$'000 (unaudited)	As at 31 December 2016 HK\$'000 (audited)
Trade payables arising from securities brokerage business:		
Cash account clients	22,902	73,258
Margin account clients	16,289	15,610
	39,191	88,868

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

For the six months ended 30 June 2017

16. 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 2017 HK\$'000 (unaudited)	As at 31 December 2016 HK\$'000 (audited)
0 to 60 days	21,256	12,838
61 to 90 days	591	883
Over 90 days	17,344	75,147
	39,191	88,868

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\$38,049,000 (at 31 December 2016: approximately HK\$37,908,000) 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.

17. LOANS PAYABLE

	As at 30 June 2017 HK\$'000 (unaudited)	As at 31 December 2016 HK\$'000 (audited)
Short-term loans payable	–	41,000
Long-term loans payable (Notes (a) & (b))	581,175	581,175
	581,175	622,175

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

For the six months ended 30 June 2017

17. LOANS PAYABLE *(Continued)*

Notes:

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

- (a) Loan from a financial institution with principal amount of US\$25,000,000 (equivalent to approximately HK\$193,725,000) which is interest-bearing at 8% per annum, guaranteed, secured by the equity interest of an associate, and repayable in March 2019. The accrued interest as at 30 June 2017 was approximately US\$56,000 (equivalent to approximately HK\$433,000).
- (b) Loan from a financial institution with principal amount of US\$50,000,000 (equivalent to approximately HK\$387,450,000) which is interest-bearing at 12.75% per annum, guaranteed, secured by equity interest of an associate, and repayable in March 2019. The accrued interest as at 30 June 2017 was approximately US\$177,000 (equivalent to approximately HK\$1,381,000).

The total loan interest payable of approximately HK\$1,814,000 as at 30 June 2017 (31 December 2016: HK\$3,090,000) was included in other payables and accruals.

18. SHARE CAPITAL

	2017		2016	
	Number of shares ('000)	HK\$'000 (unaudited)	Number of shares ('000)	HK\$'000 (audited)
Issued and fully paid:				
At 1 January 2017 and 2016	1,401,917	2,824,801	778,843	2,674,001
Issue of shares pursuant to placement of shares (Note a)	–	–	155,768	37,770
Issue of shares pursuant to rights issue (Note b)	–	–	467,306	113,030
At 30 June 2017 and 31 December 2016	1,401,917	2,824,801	1,401,917	2,824,801

Notes:

- (a) On 15 August 2016, the Company issued a total of 155,768,530 new shares as a result of the placing. Net proceeds of approximately HK\$37,770,000 were raised. Details of the placing are set out in the announcement of the Company dated 4 August 2016 and 15 August 2016.
- (b) On 5 October 2016, the Company issued a total of 467,305,590 new shares as a result of the rights issue on the basis of one rights share for every two shares. Net proceeds of approximately HK\$113,030,000 were raised. Details of the rights issue are set out in the announcements and the prospectus of the Company dated 10 August 2016, 18 August 2016, 29 August 2016, 13 September 2016 and 5 October 2016.

19. CAPITAL COMMITMENTS

The Group has no capital commitments as at 30 June 2017 (at 31 December 2016: Nil).

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

For the six months ended 30 June 2017

20. CONTINGENT LIABILITY

- (1) 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 investigation by the enforcement agency. As the ultimate outcome of the matter cannot be reasonably predicted, it is reasonable for the Group to assume that the contingent liability of this case will maximum penalty of HK\$10,000,000.

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

In the opinion of the directors of the Company, it is not probable that the individuals will issue claims against the Group. They had reversed the HK\$8,000,000 provision and disclosed it as contingent liabilities as 31 December 2016 and thereafter.

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

- (2) Reference is made to the announcement of the Company dated 23 March 2017. Terms used hereinafter shall have the same meaning as defined in the above announcement.

On 21 March 2017, the Investee Company entered into a facility agreement with the Lending Bank in respect of a term loan facility of up to US\$64,000,000 to finance the acquisition of the Convertible Bond in the principal amount of US\$60,000,000. Each of the Personal Guarantor and the Corporate Guarantor has entered into the Personal Guarantee and the Corporate Guarantee respectively to guarantee all the obligations and liabilities of the Investee Company under the facility agreement and related finance documents.

On 23 March 2017, the Company provided an indemnity to the Personal Guarantor and the Corporate Guarantor, indemnifying them against any and all claims made by the Lending Bank under the Personal Guarantee and the Corporate Guarantee up to an aggregate amount which the Personal Guarantor and/or the Corporate Guarantor incur or suffer as a result of such claim multiplied by the percentage beneficial shareholding of the Group in the Investee Company.

As at 30 June 2017, the Investee Company was held as to approximately 9.09% by the Group, and the maximum amount of the indemnities (if any) is US\$5,817,600 (equivalent to approximately HK\$45,188,000).

Further details are set out in the Company's announcement dated 23 March 2017.

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

For the six months ended 30 June 2017

21. 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 2017 HK\$'000 (unaudited)	31 December 2016 HK\$'000 (audited)		
Available-for-sale financial assets — Listed equity securities	13,460	9,155	Level 1	Quoted bid prices in active markets
Financial assets at fair value through profit or loss — Listed equity securities	721,525	1,363,918	Level 1	Quoted bid prices in active markets

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

For the six months ended 30 June 2017

22. 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	
	2017	2016
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Short-term employee benefits	2,620	2,543
Retirement benefits schemes contributions	15	9
	2,635	2,552

23. EVENT AFTER THE END OF THE REPORTING PERIOD

The significant event took place subsequent to the end of the reporting period is as below:

Reference is made to the announcement of the Company dated 7 August 2017. Terms used hereinafter shall have the same meaning as defined in the above announcement.

On 7 August 2017, the Acquisition Agreement was entered into between New Premium Development Limited, a wholly-owned subsidiary of the Company, as Purchaser and the Vendor, pursuant to which, the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Shares, being the entire issued share capital of the Target Company and the Sale Indebtedness, being the entire amount of the indebtedness owing by the Target Group to the Vendor as at the date of Completion. Details of which are set out in the announcement of the Company dated 7 August 2017.

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 2017

INTERIM DIVIDEND

The Company had no distributable reserve as at 30 June 2017. The board of directors of the Company (the "Board") has resolved not to declare an interim dividend for the six months ended 30 June 2017 (2016: Nil).

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

As at 30 June 2017, 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	–	76,087 (note 1)	76,087	0.01%
Wong Yun Kuen	Beneficial owner	1,800	236 (note 2)	2,036	0.00%

Notes:

1. This represents the interest of Ms. Ng Shin Kwan, Christine in 76,087 underlying shares issuable under the share options granted by the Company to her on 3 December 2007 under the share option scheme of the Company adopted by the shareholders of the Company on 8 November 2006 (the "2006 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\$269.01 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 236 underlying shares issuable under the share options granted by the Company to him on 3 December 2007 under the 2006 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\$269.01 per share and the exercisable period is between 3 December 2007 and 2 December 2017.

Save as disclosed above, as at 30 June 2017, 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 2017

SHARE OPTION SCHEME

The 2006 Share Option Scheme was expired on 7 November 2016 and no further share options can be granted under it. However, the share options granted under the 2006 Share Option Scheme are still exercisable.

On 14 June 2016, the Company adopted a new share option scheme (the "2016 Share Option Scheme") The primary purpose of the 2016 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 2016 Share Option Scheme are as disclosed in the circular of the Company dated 12 May 2016.

Movement of share options under the 2006 Share Option Scheme during the six months ended 30 June 2017 was as follows:

Name or category of participant	Date of grant (DD.MM.YYYY)	Exercisable period (DD.MM.YYYY)	At 1 January 2017 and 30 June 2017	
			Exercise price per share HK\$	Number of share options
Directors				
Ng Shin Kwan, Christine	03.12.2007	03.12.2007–02.12.2017	269.01	76,087
Wong Yun Kuen	03.12.2007	03.12.2007–02.12.2017	269.01	236
Subtotal				76,323
Employees other than directors in aggregate	03.12.2007	03.12.2007–02.12.2017	269.01	49,000
Other participants in aggregate	03.12.2007	03.12.2007–02.12.2017	269.01	353,357
Total				478,680

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 2017.

As at the date of this report, 140,191,677 shares are available for issue under the 2016 Share Option Scheme, which represents 10% of the issued shares of the Company as at the same date.

Other Information *(Continued)*

For the six months ended 30 June 2017

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 2017 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 2017, 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 of the Company (the "Director(s)"), 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 2017.

REVIEW OF INTERIM REPORT

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

The interim results for the six months ended 30 June 2017 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 Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

CHANGES IN DIRECTOR'S INFORMATION

Changes in directors' information since 29 March 2017, the date of the 2016 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. The Company has provided a mandatory provident fund to Mr. Li Dong, an executive director and a chairman of the Company with effect from February 2017.
2. Mr. Lee Jalen resigned as an executive director of the Company with effect from 9 May 2017 and Mr. Feng Taiguo has been appointed as an executive director of the Company with effect from 9 May 2017. Details of the change of executive director of the Company were set out in the announcement of the Company dated 9 May 2017.
3. Dr. Wong Yun Kuen, an independent non-executive director of the Company, has been re-designated from independent non-executive director to executive director of Far East Holdings International Limited (stock code: 36) ("Far East") and he has been appointed as the chairman of the board of Far East with effect from 18 July 2017.

Other Information *(Continued)*

For the six months ended 30 June 2017

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 2017.

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 2017.

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 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, 28 August 2017